



山西安裝

山西省安裝集團股份有限公司

Shanxi Installation Group Co., Ltd.

(於中華人民共和國註冊成立的股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

股份代號 Stock Code: 2520

2024 年度報告

ANNUAL REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. WANG Limin
Mr. REN Rui
Mr. ZHANG Yan

Non-executive Directors

Mr. XU Guanshi
Mr. ZHANG Hongjie
Mr. MU Jianwei
Mr. FENG Cheng

Independent Non-executive Directors

Mr. WANG Jingming
Professor WU Qiusheng
Ms. SHIN Chuck Yin
Mr. GUO He

Audit Committee

Professor WU Qiusheng (Chairman)
Mr. FENG Cheng
Mr. WANG Jingming

Remuneration and Appraisal Committee

Mr. WANG Jingming (Chairman)
Mr. ZHANG Yan
Mr. GUO He

Nomination Committee

Mr. WANG Limin (Chairman)
Mr. WANG Jingming
Mr. GUO He

Supervisors

Mr. SHI Meng
Mr. YAN Lei
Ms. ZHANG Caixia

Joint Company Secretaries

Mr. ZHANG Xiaodong
Ms. CHAN Sze Ting (FCG, HKFCG)

Authorized Representatives

Mr. WANG Limin
Mr. ZHANG Xiaodong

Company's Website

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H Share Registrar

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Legal Advisers to the Company

Jia Yuan Law Offices (as to PRC law)
Jia Yuan Law Office (as to Hong Kong law)

Auditor

Grant Thornton (Special General Partnership)
5th Floor, Scitech Plaza
22 Jianguomenwai Street
Chaoyang District, Beijing
PRC

Principal Bankers

Bank of Communications Co., Ltd.
Taiyuan Economic and Technological
Development Zone Branch
18 Longsheng Street
Economic and Technological
Development Zone
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Taiyuan, Shanxi
PRC

China Guangfa Bank Co., Ltd. Taiyuan Branch
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Taiyuan Tiyunan Road Branch
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PRC

Compliance Adviser

Shanxi Securities International Capital Limited

Stock Code

02520

CHAIRMAN'S STATEMENT

Currently, the “dual-carbon” strategy is accelerating implementation, and the deep adjustment of the energy structure presents both opportunities and challenges for business development. Shanxi Installation Group remains committed to its original mission, seizing market opportunities while consolidating its professional advantages. The Company is accelerating its transformation into high-value areas such as low-carbon and environmental protection, green energy concession and asset operation services, while continuously creating a new landscape for high-quality development.

I. Commitment to Expertise and Consolidation of Development Foundation

Shanxi Installation Group has deeply cultivated professional fields such as chemicals, municipal projects, power, electromechanical and metallurgy. In 2024, the newly signed contract amount for professional services reached RMB16.857 billion, an increase of 3.87% compared to 2023, continuously enhancing market competitiveness. The Group has secured major projects, including Hefei Xinqiao Airport (合肥新橋機場) S1 Line, the largest scale individual rail transit project to date, and the methanol project of Xinjiang Qiya (新疆其亞) with an annual production of 6 million tons of methanol, which is the world's largest single-unit coal-based methanol project. Through professional capabilities and quality services, the Company has gained market recognition and laid a solid foundation for high-quality development.

II. Strategic Layout with Focus on Transformational Breakthroughs

Shanxi Installation Group is continuously making strides in the low-carbon and environmental protection sectors with a long-term deployment on green energy concession. In 2024, it signed the combined heat and power supply project in Siziwangqi, Ulanqab. The Group has also won the bids for construction waste treatment projects in Changzhi and Linfen, exploring a “resource utilization + recycling economy” model to aid in the reduction and harmless treatment of urban solid waste. Meanwhile, the Company has undertaken the zero-carbon demonstration project in Taiyuan Wusu Airport and has launched distributed photovoltaic projects in integrated decoration parks in Changzhi and Linfen, promoting the green upgrade of industrial plants and contributing to urban low-carbon development. The Group has obtained 300 MW of new energy indicators and won the bid in Taonan City for wind power coupled with biomass green methanol integrated demonstration project, along with 5 energy storage projects. It has applied for the first batch of green power certificates, facilitating a pathway for “green electricity trading + carbon asset operation”. In the hydrogen energy sector, the Company has made advanced deployment, initiating 15 technological breakthroughs related to new energy hydrogen production and hydrogen-ammonia conversion. In particular, its “chemical depolymerization technology for discarded wind turbine blades” has been selected for a major project in Shanxi Province, enhancing its reserve technological capabilities for the clean energy industry chain. Innovatively, the Group has adopted an “investment-construction-operation integration” model, winning contracts for 8 entrusted operation projects in Wenshui, Pinglu and Xia County. These businesses cover areas such as wastewater treatment, energy station operation and industrial facilities management, establishing a comprehensive “construction-operation-value enhancement” service capability.

III. Capital Empowerment for Enhancing Development Momentum

Since its listing on the Hong Kong Stock Exchange on November 22, 2023, Shanxi Installation Group has deepened its operation in the capital market by bringing in strategic investor Ming Yang Group, which increased its holdings by 26.77 million shares. The Company has received several honors, including the “Listed Company Cultivation Demonstration Award” and the “Best Capital Operation Award”, with its entity credit rating upgraded to “AA+,” and its tax credit rating maintaining an A grade for six consecutive years. The Group continues to optimize its financing structure, reducing the overall financing cost from 5.51% to 5.02%, thereby providing low-cost funding support for green projects construction.

IV. Management Enhancement for Improving Operational Quality and Efficiency

In response to the complex market environment, Shanxi Installation Group continuously improves its “three meetings and one layer” operational mechanism, issuing 41 information disclosure announcements throughout the year and maintaining a record of zero violations. The Company has optimized its organizational structure by adding, merging and streamlining 33 departments for new businesses, such as renewable energy, thereby enhancing its response to the market. Under the implementation of a direct management project model, the Company has established project control, business management and materials management centers. This approach has resulted in cost reductions and efficiency improvements in projects including nationwide integrated computing and led to increased customer satisfaction. The Company has also been recognized with titles such as “Excellent Enterprise in Quality Management”.

V. Advancement with Scientific Innovation and Enhanced Talent Support

Shanxi Installation Group always places great emphasis on technological innovation and digital transformation, launching 211 technological projects in 2024. The Company has developed three major platforms, namely “BIM Intelligent Design”, “BIM + Intelligent Construction” and “BIM + Intelligent Accounting”, with related achievements recognized as leading nationwide.

The Company continuously optimizes talent management by establishing 14 professional series promotion standards. Throughout the year, it completed over 300 human resource allocations and launched the “Youth Navigation” talent program. Additionally, it organized training for middle and senior management at Huawei to foster a versatile talent pool.

VI. Future Outlook: Defining Goals for Steady Progress

Year 2025 marks the concluding year of the “14th Five-Year Plan.” The Group will be guided by a comprehensive strategic framework with focus on building a robust market presence. It aims to continuously strengthen its traditional advantages in the chemical and municipal sectors, while expanding overseas and “Belt and Road Initiative” clean energy projects. The goal is to create an integrated service model that encompasses planning, industry, investment, construction and operation. The Group will establish a comprehensive business management system, enhance customer management, focus on project profitability and implement effective risk control. Efforts will also be made to reduce financing costs, optimize the equity structure and strengthen investor relations, thereby leveraging capital to support the real economy. Focusing on value creation, the Group plans to develop a dual-driven model of “green energy concession + asset value-added services.” It will systematically promote the collaborative development of pan-safety, pan-research, pan-talent and pan-party building initiatives.

Anchoring on a new starting point, Shanxi Installation Group will remain committed to its missions, basing its efforts on professionalism and prioritizing transformation. The Company aims to advance steadily along the path of green development, looking forward to collaborating with all parties to share opportunities and create value. Together, we will contribute to achieving the “dual-carbon” goals and fostering high-quality corporate development.

By order of the Board
Shanxi Installation Group Co., Ltd.
Mr. Wang Limin
Chairman and Executive Director

FINANCIAL SUMMARY

	For the year ended December 31,				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Operating results					
Revenue	12,242,889	10,971,109	12,844,822	13,278,369	10,148,620
Gross profit	1,520,400	1,399,225	1,842,046	1,747,928	1,428,095
Profit for the year	209,533	205,558	200,436	188,034	282,233
Net profit attributable to equity holders of the Company	153,412	154,942	150,882	124,830	216,356
Profitability					
Gross profit margin	12.4%	12.8%	14.3%	13.2%	14.1%
Profit margin for the year	1.7%	1.8%	1.6%	1.4%	2.8%
Earnings per share (RMB)					
Earnings per share — basic	0.11	0.15	0.15	0.14	0.31
Earnings per share — diluted	—	—	—	—	—

	As of December 31,				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total Asset	24,124,161	23,522,431	21,447,024	17,574,961	13,379,077
Total Liability	20,780,805	20,396,627	19,214,104	15,560,888	11,594,994
Non-controlling Interest	579,138	515,662	423,604	338,528	304,437
Equity interest attributable to equity holders of the Company	2,764,218	2,610,142	1,809,316	1,675,545	1,479,646
Equity-liability ratio (net liability/total capital)	53.96%	55.27%	64.28%	61.55%	56.18%

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2024, as an important pillar industry of the national economy, the construction industry still maintained a growth trend despite growing at a decelerated rate. In 2024, the total output value of the construction industry in the PRC was RMB32,650.1 billion, representing a year-on-year growth of 3.9%, which showed strong resilience and potential in the industry.

Specialized Industrial Engineering in China


Specialized industrial construction generally includes construction related to new energy, petrochemicals and fine chemicals. The robust growth of the specialized industrial construction market in the PRC is attributable to the significant growth of the new energy industry and the strong demand for related energy associated with the significant development of the national economy.

1. New Energy Industry Projects

In 2024, China made remarkable progress in new energy sectors of “wind, photovoltaic, storage, hydrogen, and vehicles”, which flourished like a garden in full bloom. The PRC fulfilled its global commitments, and the overall achievements of the industry were significant. However, amidst this prosperity, the concept of “competition” stood out, and “innovation” within such “competition” was evident. As of 2024, the total installed capacity of wind and photovoltaic power generation in the PRC reached 1.35 billion kilowatts, of which the installed capacity of wind power was approximately 510 million kilowatts, and the installed capacity of photovoltaic power was approximately 840 million kilowatts, with a utilization rate maintained above 95%. This fulfilled the global commitment six years ahead of schedule. By 2025, an additional installed capacity of about 200 million kilowatts of wind and photovoltaic power will be achieved. In the future, residential electricity will be greener, and new energy vehicles will also be able to charge with green power.

On January 1, 2025, the first Energy Law of the PRC officially came into effect. This marks a milestone in the history of energy development in our country. The Energy Law is the first to incorporate hydrogen energy into national legislation, clarifying the energy properties of hydrogen. It also establishes the legal status of green certificates, encourages users to prioritize the use of renewable energy, and supports the development of new technologies, new business formats, and new models such as new energy storage and intelligent micro-grids. The implementation of the Energy Law will undoubtedly propel China’s energy sector into a new stage of development and accelerate the realization of China’s “3060” dual carbon strategic goals.

In 2024, the newly installed capacity of renewable energy nationwide reached 300 million kilowatts, accounting for over 85% of the totally newly added capacity. Currently, investment in non-fossil energy generation is steadily increasing. A number of centralized wind power projects in Gansu, Xinjiang, Liaoning, Heilongjiang and Hebei are being accelerated. In terms of centralized photovoltaic power, investments in ongoing projects in Yunnan, Xinjiang, Qinghai, Inner Mongolia, Shandong and Hebei are being rapidly released; for distributed photovoltaic power, developments in Jiangsu and Zhejiang are speeding up, while investments in Anhui and Guangdong are growing quickly. Investment in new energy business formats is being accelerated. A series of multi-energy complementary clean energy base projects in Gansu, Xinjiang and Qinghai are progressing in an orderly manner. Ongoing projects for green hydrogen production in Inner Mongolia and hydrogen refueling facilities in Henan continue to be effective investments. The installed capacity of new energy storage nationwide is maintaining rapid growth. By the end of September, a total of 58.28 million kilowatts/128 million kilowatt-hours of new energy storage was completed and put into



Management Discussion and Analysis

operation nationwide, representing an increase of approximately 86% compared to the end of 2023, becoming an important component of the stable operation of the power system. The “14th Five-Year Plan for Future Industrial Development in Shanxi Province” (《山西省「十四五」未來產業發展規劃》) lists the hydrogen energy industry as one of Shanxi’s seven leading future industries, proposing the establishment of a “China Hydrogen Capital” with national and global influence over the next 30 years. The 2025 government work report of Shanxi Province states that it would accelerate the construction of wind and photovoltaic projects, promote the full industrial chain development of hydrogen, ammonia and methanol, and ensure that the installed capacity of new energy and clean energy accounts for over 50%. It will advance the construction of new energy storage, pumped storage and virtual power plants to build a new power system. The implementation of the green development strategy will bring new investment opportunities to the new energy sector.

2. *Petrochemical Industry Projects*

The chemical industry can be mainly divided into four sectors, namely coal chemical, natural gas chemical, petroleum chemical, and fine chemicals. Coal chemical is an important component of China’s energy and chemical industry. With abundant coal resources, China has become one of the core regions for the development of the global coal chemical industry. In particular, regions such as Xinjiang, Inner Mongolia and Shanxi provide solid resource guarantees for the development of the coal chemical sector. In 2024, China’s total coal chemical production capacity continued to expand, with new capacities for coal-to-olefins, methanol-to-aromatics (MTA), and coal-to-ethylene glycol exceeding 8 million tonnes per year. The capacity utilization rate of coal-to-olefins projects in Xinjiang reached over 85%. As a primary raw material for basic chemicals, the production capacity of coal-to-methanol saw particularly significant growth. In 2024, the total production of coal-to-methanol in China reached 70 million tonnes, accounting for over 50% of the global total production capacity, primarily used for olefin production. In recent years, the coal chemical industry has gradually extended into high-end product fields, achieving significant progress in areas such as coal-to-aromatics, coal-to-ethylene glycol and coal-to-high-end plastics. By 2025, the coal chemical industry will gradually complete the transition from basic raw material production to high value-added product manufacturing through the transformation and upgrading towards cleanliness, high-end products and environmental friendliness.

Natural gas chemicals are undergoing a comprehensive upgrade from resource development to high-end and green applications, particularly in the integration of light hydrocarbons and hydrogen utilization. By 2025, with the diversification of global natural gas supply and the acceleration of the green energy transition, the natural gas chemical industry is moving from traditional basic chemicals to high-end fine chemicals, while playing a key role in low carbon and sustainable development.

The petroleum chemical industry is transitioning from a phase of production capacity expansion for traditional bulk products to a period of high-end fine development. By 2025, with the advancement of the “dual carbon” goals and changes in market demand, refining integration and the extension of the downstream industrial chain will become the core pathways for the transformation and upgrading of the petroleum chemical industry.

In the field of fine chemicals, the industrial layout for high-performance materials, electronic chemicals, synthetic biology, fluoro-chemistry, and refrigerants is accelerating. By 2025, driven by demand growth, technological breakthroughs and the expansion of international markets, these areas will become important engines for the growth of the fine chemical industry.

The PRC government is actively supporting the petrochemical industry based on the policy directions set out in the “Petrochemical Industry Planning and Layout Plan” (《石化產業規劃佈局方案》) and other proposals, and the total market size of petrochemical industry engineering in the PRC is expected to reach RMB2,688.4 billion by 2027.

In line with the policy direction set by the Chinese government and in accordance with the “14th Five-Year Plan for Industrial Development of Shanxi Province” and the “Implementation Plan for Accelerating the Development of New Material Industry in Shanxi Province”, the carbon-neutral policy is expected to drive the development of Shanxi’s petrochemical industry in the direction of low-carbon, green, high-end and differentiation. From the perspective of zero carbon emission policy, the development of carbon-based materials such as carbon fibre and graphene and other emerging carbon-based materials is an important starting point for the transformation and development of petrochemical industry in Shanxi Province. Looking ahead, the market size of petrochemical industry engineering in Shanxi Province is expected to reach RMB103.1 billion by 2027, driven by the gradual transition to high-end petrochemical production.

Specialized Auxiliary Construction in the PRC

Specialized auxiliary construction mainly includes urban roads, power supply, water supply as well as transportation infrastructure such as highways, railways and bridges. Specialized auxiliary construction generally plays an important role in the development of infrastructure construction, and the gross output value of specialized auxiliary construction in the PRC is expected to continue to grow as (i) the rapid progress of the PRC’s urbanization process over the past few years, and (ii) the Chinese government’s growing investment in fixed assets of specialized auxiliary construction.

As a result of (i) the government’s policy to promote the redevelopment of old districts, in particular the upgrading of utilities such as gas, electricity, drainage, heating and other auxiliary infrastructures; (ii) the intensive investment in infrastructure development in Shanxi Province; and (iii) large-scale projects such as the South-to-North Water Diversion Project, which will cost approximately RMB500 billion and cover six provinces, including Shanxi Province, the total output value of specialized auxiliary construction in Shanxi Province has increased significantly. Supported by the government’s vigorous promotion of urbanization, the demand for related infrastructure and the output value of municipal utility projects will increase accordingly.

1. *Clean Heat Supply*

The market demand for heating is large. With the development of urbanization, the area of urban heating demand is expanding year by year. Decentralized heating results in serious environmental pollution with an enormous waste of energy, while centralized heating instead of decentralized heating can save about thirty percent of energy. Centralized heating is a necessary requirement to improve the quality of the urban environment and establish a good image of the city’s infrastructure. Centralized heating boilers have large capacities with relatively more ideal dust removal equipment, and the use of high-efficiency dust collectors can effectively reduce urban pollution. Centralized heating has good economic and environmental benefits. According to the relevant policies issued by the government, the reduction of energy consumption of urban heating units, the promotion of industrial waste heat for centralized heating, the acceleration of the construction and renovation of heating pipeline networks and the promotion of clean energy heating will be the focus of development in the future.

Management Discussion and Analysis

2. *Solid Waste Disposal*

According to the estimation of China Urban Environmental Sanitation Association, the annual generation of construction waste in large and medium-sized cities in China in recent years has exceeded 2 billion tonnes, and has remained high all the time. In terms of disposal volume, the current volume of construction waste disposal is around 1.75 billion tonnes, and it is expected to exceed 2 billion tonnes by 2026. It is estimated that the construction waste resource utilization rate in some developed countries is as high as 90%, while China's construction waste resource utilization rate is less than 10% as its construction industry is in a period of rapid development.

With the increasing improvements in construction waste resource recycling industry related laws and standards, China's construction waste resources in the processing equipment, production technology, standards and norms, product quality, usage demonstration and other aspects have broken through the bottleneck. The platform for construction waste resource is gradually improving, with significant enhancement in reuse capability, and the time has come to handle special wastes through targeted treatments. Improving the recycling rate will be the main path to deal with construction waste, and construction waste resource treatment will enter a period of rapid development of scale, thus bringing great market opportunities for the application of solid waste treatment equipment in the area of environmental protection.

3. *Distributed Photovoltaic*

Vigorously developing renewable energy has become a major strategic direction and concerted action in response to the climate change amidst the global energy transformation. Accelerating the development of renewable energy, implementing renewable energy substitution actions, actively exploring energy transition programs, and building a comprehensive energy base with a high proportion of renewable energy are key initiatives set out in the "14th Five-Year Plan" period to implement the carbon peak and carbon neutrality targets and build a modern energy system. It is also an important way and strategic initiative to uphold Xi Jinping's idea of ecological civilization, to implement the new strategy of energy security in depth, and make concerted efforts to build socialism with Chinese characteristics in the new era.

During the "14th Five-Year Plan" period, Shanxi will focus on promoting wind power and photovoltaic power generation bases and large-scale development in northern Shanxi and western Shanxi, optimizing wind power and photovoltaic power generation in the southeastern district of Shanxi by development in close proximity, steadily promoting the diversified development of biomass energy, and actively promoting the large-scale development of geothermal energy. Focusing on economy of scale for centralized power generation and finer details for distributed power generation, we will continue to expand the scale of installed renewable energy and increase the proportion of installed power generation facilities. According to the Notice on the Three-Year Action Plan to Promote the Development of Distributed Renewable Energy in Shanxi Province (2023–2025) issued by Shanxi Provincial People's Government, by 2025, the province's total installed distributed renewable energy is to reach 10 million kilowatts, and distributed renewable energy power generation is to achieve a doubling of the amount in 2022. Distributed renewable energy utilization rate should maintain at a reasonable level, with various kinds of application scenarios, and pilot demonstration projects should have been completed to achieve results.

4. *Water Environment Management*

According to the instructions of the Secretary of Shanxi Provincial Party Committee, the “Notice Issued by the General Office of Shanxi Provincial People’s Government on the Program of ‘Diverting Clear Water into the Yellow River’ Project” (Jin Zheng Ban Fa [2023] No. 14) and the implementation plans of the local “Diverting Clear Water into the Yellow River” project issued by various cities and towns in the province, the future market project development trend will involve projects in the ecological restoration and maintenance of rivers and lakes, treatment of polluted and smelly waters, comprehensive management of river basins as well as other ecological and environmental comprehensive management projects, sewage treatment facilities construction and improvement projects, intensive treatment of industrial parks wastewater and reusable water projects.

5. *Urban Renewal*

In 2025, urban renewal will become an important tool for expanding domestic demand, and urban renewal efforts in our country will accelerate. Shanxi Province will focus on renovating old residential communities, building complete communities, and conducting urban inspections to create a livable, resilient, and smart city. At the same time, there are plans to advance 15 initiatives related to people’s livelihoods, including the construction and renovation of community elderly care service facilities, standardized community canteens, the installation of elevators in residential buildings, the establishment of boarding primary and secondary schools, and the repair of rural water supply projects, further enhancing the quality of life for residents.

Additionally, China will enhance the construction of platforms such as county industrial agglomeration areas and innovation and entrepreneurship parks, optimize the allocation of public resources between urban and rural areas, and promote a new type of urbanization centered around county towns. Shanxi Province will also renovate the ‘three districts and one village,’ improve municipal infrastructure, and advance the realignment of national and provincial roads through county towns. With the decentralization of industries, consumption, and digital services, the policy direction for county economies and rural revitalization is becoming increasingly clear. In the future, the focus of urbanization will shift toward county towns, opening up broader market opportunities for construction companies.

Overseas Construction Market Ushers in New Development Opportunities

Over the past two years, international bilateral cooperation around the “Belt and Road” initiative has continued to deepen, and the pace of Chinese construction engineering enterprises “going global” has been accelerating. According to statistics from the Ministry of Commerce, from January to September 2024, China’s foreign contracted engineering business achieved an operating revenue of RMB781.02 billion, a year-on-year increase of 2.1%. The value of new contracts signed reached RMB1,220.58 billion, showing a growth of 23.8%. In the global infrastructure landscape, Southeast Asia, the Middle East, and Africa are emerging as core growth areas. Chinese engineering enterprises, leveraging their technological, financial, and full industrial chain advantages, are deeply involved in the fields of transportation, new energy, and smart cities, shaping a new model of cooperation under the “Belt and Road” initiative.

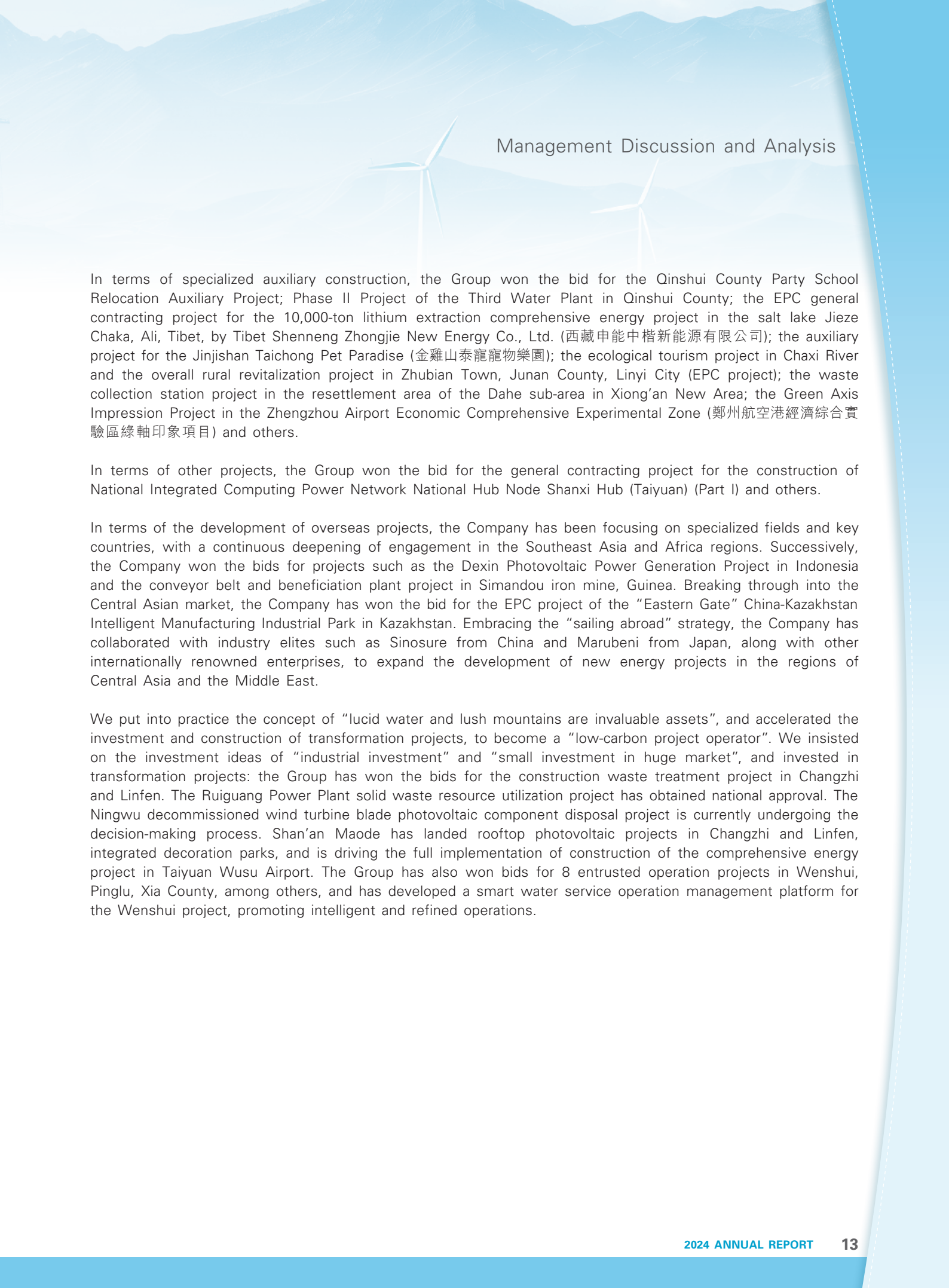
Management Discussion and Analysis

Business of the Company

In the year 2024, in face with the turbulent external environment and the arduous and demanding tasks of reform and development, we revolved around the tasks and goals of the “Quality and Efficiency Enhancement Year”. We held the rudder with the principle of seeking progress while maintaining stability, going against the current, moving steadily forward, solidly promoting strategies for stable growth, deepening the path of reform, expanding the market domain, consolidating the foundation, stimulating the power of innovation, building a strong defense against risks, and satisfactorily achieving all annual goals.

In terms of specialized industrial construction, the power engineering sector has been deeply cultivating and meticulously working in the new energy track. In 2024, the Group successfully obtained the first batch of green electricity certificates and was awarded the “highest credit rating of AAA for electric power construction companies”, achieving an EPC installed capacity of 2.5GW for the whole year. The successful bid for the 400MW wind-to-hydrogen new energy demonstration EPC project in Baiyang City, Xinjiang is the largest single-contract installed capacity project in the new energy sector. Simultaneously, investment, construction and operation of new energy projects have become a new engine driving the high-quality development of the enterprise. The Company has strengthened in-depth exchanges with local governments, provincial and municipal leading enterprises, actively exploring multiple development models such as equity cooperation and resource sharing. Through methods like indicator competition and matching, the Company has continuously acquired new energy indicators from locations like Shilou and Ningwu, accumulating a total of 300MW of new energy capacity throughout the year. In 2024, the Company launched five energy storage projects, including the (first batch) lead-carbon battery energy storage EPC general contracting project and the Jiangsu Bravo Textile Technology (江蘇布拉芙紡織科技) user-side energy storage project. The Company’s position in the field of new energy continues to rise. Meanwhile, in collaboration with enterprises such as Zhongneng Lingyu (中能凌宇), Huaxia Zhihui (華夏智慧), and Huagong Energy (華工能源), the Company is driving a series of new power system construction projects including generation-network-load-storage, virtual power plants, smart grids, and power trading. These projects provide new growth points for the Group’s sustainable development.

With a firm commitment to the development layout of “specialization,” the Company is integrating upstream and downstream resources, consolidating and extending the value chain, and constructing a resource-sharing platform for the Group’s “specialization+” strategy to continuously enhance the quality of specialized market development. In the field of chemical engineering, the Company won the bid for the project of Shanxi Tianxing Coal Gasification Co., Ltd. (山西天星煤氣化有限公司), with an annual production capacity of 1.01 million tons of coke and 80,000 tons of LNG new energy. Among these projects is the methanol project of Xinjiang Qiya (新疆其亞) with an annual production of 6 million tons of methanol, which is the world’s largest single-unit coal-based methanol project. The Company also won the bid in Taonan City for wind power coupled with biomass green methanol integrated demonstration project, enabling the Group to successfully enter the green electricity-to-hydrogen field. In the field of electromechanical installation, the Company won the bid for a series of projects including the comprehensive electromechanical (first section) contracting project at Junjingbei Commercial Plot 1. Among which, the Hefei Xinqiao Airport (合肥新橋機場) S1 Line general contracting project is currently the largest single-project scale rail transit project undertaken by the Group. In the field of power, the Company won the bid for the first phase EPC project of the low-concentration gas distributed power generation project of Huoerxinhe under Shanxi Coking Coal Group. In the municipal sector, the Company won the bid for a batch of quality projects such as the EPC project for the construction of the Zongyang County Second Sewage Treatment Plant and the general contracting project for the Linfen City Green Energy Transmission and Distribution Project (Huo Zhou-Hongtong). In 2024, the Company was selected as one of the first batch of “Chinese Construction” brand enterprises and showcasing in the Chinese Construction Brand Exhibition under the China Brand Fair 2024. The development of “specialization” has become a stable engine for the Group’s high-quality development by attracting a more loyal customer base, undertaking more representative projects, and delivering higher-quality project performance.



Management Discussion and Analysis

In terms of specialized auxiliary construction, the Group won the bid for the Qinshui County Party School Relocation Auxiliary Project; Phase II Project of the Third Water Plant in Qinshui County; the EPC general contracting project for the 10,000-ton lithium extraction comprehensive energy project in the salt lake Jieze Chaka, Ali, Tibet, by Tibet Shenneng Zhongjie New Energy Co., Ltd. (西藏申能中楷新能源有限公司); the auxiliary project for the Jinjishan Taichong Pet Paradise (金雞山泰寵寵物樂園); the ecological tourism project in Chaxi River and the overall rural revitalization project in Zhubian Town, Junan County, Linyi City (EPC project); the waste collection station project in the resettlement area of the Dahe sub-area in Xiong'an New Area; the Green Axis Impression Project in the Zhengzhou Airport Economic Comprehensive Experimental Zone (鄭州航空港經濟綜合實驗區綠軸印象項目) and others.

In terms of other projects, the Group won the bid for the general contracting project for the construction of National Integrated Computing Power Network National Hub Node Shanxi Hub (Taiyuan) (Part I) and others.

In terms of the development of overseas projects, the Company has been focusing on specialized fields and key countries, with a continuous deepening of engagement in the Southeast Asia and Africa regions. Successively, the Company won the bids for projects such as the Dexin Photovoltaic Power Generation Project in Indonesia and the conveyor belt and beneficiation plant project in Simandou iron mine, Guinea. Breaking through into the Central Asian market, the Company has won the bid for the EPC project of the "Eastern Gate" China-Kazakhstan Intelligent Manufacturing Industrial Park in Kazakhstan. Embracing the "sailing abroad" strategy, the Company has collaborated with industry elites such as Sinosure from China and Marubeni from Japan, along with other internationally renowned enterprises, to expand the development of new energy projects in the regions of Central Asia and the Middle East.

We put into practice the concept of "lucid water and lush mountains are invaluable assets", and accelerated the investment and construction of transformation projects, to become a "low-carbon project operator". We insisted on the investment ideas of "industrial investment" and "small investment in huge market", and invested in transformation projects: the Group has won the bids for the construction waste treatment project in Changzhi and Linfen. The Ruiguang Power Plant solid waste resource utilization project has obtained national approval. The Ningwu decommissioned wind turbine blade photovoltaic component disposal project is currently undergoing the decision-making process. Shan'an Maode has landed rooftop photovoltaic projects in Changzhi and Linfen, integrated decoration parks, and is driving the full implementation of construction of the comprehensive energy project in Taiyuan Wusu Airport. The Group has also won bids for 8 entrusted operation projects in Wenshui, Pinglu, Xia County, among others, and has developed a smart water service operation management platform for the Wenshui project, promoting intelligent and refined operations.

Management Discussion and Analysis

Financial Review, Operating Results and Analysis

Operating revenue

The Group derives its revenue from: (1) specialized industrial construction; (2) specialized auxiliary construction; (3) other construction; and (4) non-construction business. The following table sets out the breakdown of revenue by segment during the indicated periods:

Unit: RMB'000

Major category	Year 2024	Percentage of revenue %	Year 2023	Percentage of revenue %	Change
Specialized industrial construction	9,091,213	74.26	6,371,536	58.08	42.68%
Specialized auxiliary construction	904,378	7.39	2,243,331	20.45	-59.69%
Other construction	1,264,455	10.33	1,280,553	11.67	-1.26%
Non-construction business	939,125	7.67	1,044,923	9.52	-10.12%
Other business	43,718	0.35	30,766	0.28	42.10%
Total	12,242,889	100.00	10,971,109	100.00	11.59%

Our operating revenue during the Reporting Period amounted to RMB12,242.9 million, representing an increase of 11.59% as compared with RMB10,971.1 million for the year ended December 31, 2023, mainly due to the increase in operating revenue derived from specialized industrial construction.

Specialized Industrial Construction Business

Our specialized industrial construction business mainly include projects related to the following fields: power engineering (thermal power generation, new energy wind power generation, new energy photovoltaic power generation, new energy geothermal power generation, hydrogen power generation, power transmission and transformation); petrochemical engineering (oil and gas storage and transportation, petrochemical engineering, chemical engineering, pharmaceutical and chemical engineering); electromechanical installation engineering; metallurgical engineering (glass, coking, cement, nonferrous metal, ferrous metal smelting, carbon, electrolytic aluminum, electrolytic copper, etc.); water conservancy and hydropower engineering (water conservancy engineering, hydropower engineering, pumped storage); urban rail transit engineering; mining engineering (coal mines, iron ore, aluminum ore, copper ore, etc.). The Group provides services such as investment, design consulting, construction, operation and maintenance for these specialized industrial construction projects.

During the Reporting Period, our revenue derived from specialized industrial construction business amounted to RMB9,091.2 million (2023: RMB6,371.5 million) * representing a year-on-year increase of 42.68%. Such increase was mainly because the power engineering, petrochemical engineering and electromechanical installation engineering projects of such segment entered the peak construction period during 2024, resulting in an increase in project revenue.

Specialized Auxiliary Construction Business

Our specialized auxiliary construction business mainly includes projects related to the following fields: standardized workshops, urban supporting works such as heating, water supply, drainage, gas, communication and lighting engineering, environmental protection engineering (waste heat utilization, waste water treatment, waste treatment, waste gas treatment), road bridge engineering, low-carbon green engineering, agricultural engineering, etc. The Company provides services such as investment, design consulting, construction, operation and maintenance for these specialized auxiliary construction projects.

During the Reporting Period, our revenue derived from specialized auxiliary construction business amounted to RMB904.4 million (2023: RMB2,243.3 million), representing a year-on-year decrease of 59.69%. Such decrease was mainly due to the decrease in revenue derived from projects for the year as the major projects of such segment entered the later stage of construction.

Other Construction Business

We also engage in the construction of residential, office and commercial buildings, science, education, culture and health buildings and other types of projects. The Group provides general contracting services for such projects.

During the Reporting Period, our revenue derived from other construction business amounted to RMB1,264.5 million (2023: RMB1,280.6 million), representing a year-on-year decrease of 1.26%. Such decrease was mainly due to the decrease in revenue for the year as large commercial and office buildings that were under construction in the previous year came into the final stages of construction during the year.

Non-construction Business

We also generate revenue from non-construction business, which mainly includes sales revenue from LNG, provision of urban heating technical services, operating and interest income from service concession projects, trading income and others.

During the Reporting Period, our revenue derived from non-construction business amounted to RMB939.1 million (2023: RMB1,044.9 million), representing a year-on-year decrease of 10.12%. Such decrease was mainly due to the decrease in LNG sales income, concrete sales and trading income.

Cost of sales

Our cost of sales primarily includes raw material costs, labor force, machinery utilization costs and subcontracting costs, etc.

Our cost of sales for 2024 amounted to RMB10,722.5 million, representing an increase of 12.02% from RMB9,571.9 million for the Corresponding Period. This was mainly due to the increase in costs corresponding to our higher revenue scale.

Gross profit and gross profit margin

Our gross profit for 2024 amounted to RMB1,520.4 million, representing an increase of 8.66% as compared to RMB1,399.2 million for the Corresponding Period. It was mainly due to the increase in gross profit from specialized industrial, petrochemical engineering and electromechanical installation engineering projects.

Our gross profit margin for 2024 was 12.42% (2023: 12.75%) and the change in gross profit margin was mainly because the Company appropriately lowered bid prices to capture market share as market competition in the construction industry increased.

Management Discussion and Analysis

Taxes and surcharges

Our taxes and surcharges for 2024 amounted to RMB30.9 million, representing a decrease of 13.81% as compared with RMB35.8 million for the Corresponding Period, which was mainly due to the decrease in, among other things, farmland occupation tax and stamp duty.

Selling expenses

Our selling expenses principally consist of sales and transportation fees of liquefied natural gas ("LNG"), employee compensation, travel expenses, depreciation expenses, advertising fees and others.

Our selling expenses for 2024 amounted to RMB1.3 million, representing a decrease of 9.92% as compared with RMB1.5 million for the Corresponding Period, which was mainly due to lower transportation fees for the year.

Management expenses

Our management expenses principally consist of employee benefits expenses, training and consulting fees, depreciation and amortization and office expenses, agency fees, travel expenses and others.

Our management expenses for 2024 amounted to RMB470.5 million, representing a decrease of 8.94% as compared with RMB516.6 million for the Corresponding Period, which was mainly due to the decrease in agency consulting fees during the Reporting Period.

Research and development expenses

Our research and development expenses for 2024 amounted to RMB593.4 million, representing an increase of 33.89% from RMB443.2 million for the Corresponding Period, which was mainly due to the increase in the number of research and development projects during the Reporting Period, resulting in increased investment.

Finance expenses

Our finance expenses mainly represent interest on bank borrowings and borrowings from other non-financial institutions, interest on lease liabilities, interest income from PPP projects and deposit interest income.

Our finance expenses for 2024 amounted to RMB102.3 million, representing an increase of 6.14% as compared to RMB96.4 million for the Corresponding Period, which was mainly due to the increase in principal amount of borrowings.

Other gains

Our other gains mainly represent government grants and individual income tax fee refunds.

Our other gains for 2024 amounted to RMB9.2 million, representing a decrease of 18.96% as compared with RMB11.4 million for the Corresponding Period. The decrease in other gains was mainly affected by lower government subsidies, which was a normal result under the adjustment of industry policy, and would not impose material impact on the Company's ability to continue its operations. The Company will continue to conduct further strategic transformation, enhance its core competitiveness and safeguard the long-term returns for shareholders.

Investment gains

Our investment gains for 2024 amounted to RMB-2.6 million, representing a decrease of 157.91% as compared with RMB4.6 million for the Corresponding Period. The decrease in investment gains was mainly due to the reduction in share of profit of associates.

Gains of change in fair value

In 2024, we recorded gains on change in fair value of RMB0.9 million, representing an increase of RMB0.2 million as compared to RMB0.7 million for the Corresponding Period, which was mainly attributable to the appreciation of investment properties valuation.

Credit impairment losses

Our credit impairment losses represent credit impairment losses on our trade receivables, bill receivables and other receivables.

In 2024, we applied an internal expected credit loss model (the “**ECL Model**”) developed by the management of the Group in calculating expected credit losses and recognized provision for expected credit losses. The ECL Model reflects the recoverability and historical settlement results on trade receivables, bill receivables and other receivables at the end of each reporting period without the use of hindsight. Any reduction on or addition to the credit impairment losses on our trade receivables, bill receivables and other receivables at the end of each year is credited or charged to profit or loss.

In 2024, we had credit impairment losses of RMB77.2 million, representing a decrease of RMB0.5 million from RMB77.7 million for the Corresponding Period.

Impairment losses on assets

Our impairment losses on assets represent the impairment losses of our contract assets, inventories and fixed assets.

In 2024, our impairment losses on assets amounted to RMB27.7 million, representing an increase of RMB17.7 million from RMB10.0 million for the Corresponding Period.

Total profit

In 2024, our total profit amounted to RMB224.8 million, representing a decrease of 0.16% from RMB225.1 million for the Corresponding Period.

Income tax expense

Our income tax expense for a given period includes corporate income tax.

In 2024, our income tax expense was RMB15.2 million, representing a decrease of RMB4.4 million from RMB19.6 million for the Corresponding Period, which was mainly due to the reduction in current income tax expenses as a result of the income tax refund received from the tax authorities during the Reporting Period.

Net profit

In 2024, we recorded a net profit of RMB209.5 million, representing an increase of 1.93% from RMB205.6 million for the Corresponding Period.

Total comprehensive income attributable to shareholders of the parent company

In 2024, total comprehensive income attributable to our equity holders was RMB155.7 million, representing a decrease of RMB1.8 million from total comprehensive income attributable to equity holders of the Company of RMB157.5 million for the Corresponding Period.

Management Discussion and Analysis

Capital expenditures

The Group's capital expenditures relate primarily to construction and equity investment. As at December 31, 2024, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB1,261.8 million (as at December 31, 2023: RMB297.1 million).

Gearing ratio and quick ratio

Gearing ratio represents net debt divided by total capital. Net debt represents total borrowings (including, among other things, short-term borrowings, long-term borrowings due within one year and long-term borrowings) less cash balance presented in the statement of cash flow. Total capital represents the sum of shareholders' equity and net debt presented in the consolidated balance sheet. Total shareholders' equity includes equity attributable to shareholders of the parent company and minority interests. Our gearing ratio as at December 31, 2024 was 53.96% (as at December 31, 2023: 55.27%).

Quick ratio represents current assets (excluding inventory) divided by current liabilities at the end of each year/period. Our quick ratio as at December 31, 2024 was 54.3% (as at December 31, 2023: 59.5%).

Contingent liabilities

As at December 31, 2024, the Group did not have any significant contingent liabilities.

Long-term equity investments

As at December 31, 2024, the Group's long-term equity investments amounted to RMB210.2 million, representing an increase of 7.76% as compared with RMB195.1 million as at December 31, 2023. The increase in the Group's long-term equity investments was mainly due to the increase in investment in associates by the Company.

As at December 31, 2024, each individual investment held by the Group did not constitute 5% or more of the Group's total assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at December 31, 2024, the Group has not conducted any material acquisition and disposal.

Employee and Remuneration Policies

As of December 31, 2024, the Group had 3,704 employees, and the majority of them are based in Taiyuan, Shanxi Province. Staff costs during the Reporting Period, including directors' emoluments, totalled approximately RMB623 million (as of December 31, 2023: approximately RMB613 million).

The Company enters into written employment agreements with our direct employees to specify the employee's position, responsibilities, remuneration, benefits and grounds of termination pursuant to relevant labor laws and regulations. We also have employees under labor dispatch agreements. We believe that our long-term growth depends on the expertise, experience and development of our employees. We mainly recruit through recruitment fairs and on-campus recruitment. We have established a training system for our employees, based on their responsibilities, covering professional knowledge, technical, operational and managerial skills, corporate culture, internal control and other areas. Such programs are designed to foster career development of our employees and invest in the future of our human resources. At the same time, we have established a practice certificate incentive mechanism to encourage employees to obtain practice qualification certificates, forming a good learning atmosphere. The remuneration package for our employees generally includes salaries, bonuses and welfare benefits. In addition, we make contributions to social insurance fund, including pension, medical, unemployment, maternity and occupational injury insurance, and housing provident fund for our employees.

Liquidity and capital resources

In 2024, the Group's working capital was RMB-312.5 million (as at December 31, 2023: RMB54.0 million) consisting of current assets of approximately RMB17,189.4 million (as at December 31, 2023: RMB17,060.4 million) and current liabilities of approximately RMB17,502.0 million (as at December 31, 2023: RMB17,006.4 million), representing a current ratio of approximately 1.0. Although the Company's prevailing working capital is negative, the Company has adopted targeted optimization measures: firstly, it enhanced the recovery mechanism for receivables to shorten capital recovery cycle; secondly, it established a dynamic inventory management system; thirdly, it shall reach agreements on the extension of some short-term debts with financial institutions.

The Directors are of the view that the above measures are expected to foster a significant improvement in its current ratio for the next year. Currently, the Company has sufficient operating cash flow, its long-term repayment capability remains stable, and the overall financial risk is under control.

In 2024, the Group had cash and bank balances (including restricted pledged bank deposits) of approximately RMB2,626.8 million (as at December 31, 2023: RMB2,636.5 million). As at December 31, 2024, the Group had cash and bank balances (excluding restricted pledged bank deposits) of approximately RMB2,200.8 million (as at December 31, 2023: RMB2,090.2 million).

As at December 31, 2024, the Group's borrowings amounted to RMB6,119.0 million (as at December 31, 2023: RMB5,951.8 million), which were mainly borrowings in RMB. The increase in borrowings of the Group was mainly used for daily operating liquidity.

The Directors are of the view that the Group will be able to have sufficient working capital to fund its future financing needs and working capital based on the below: (a) the Group is expected to be profitable and therefore will continue to generate operating cash flows from future business operations; (b) the Group has maintained long-term business relationship with its principal banks; and (c) the Company has obtained a commitment letter from Shanxi CIG, the controlling shareholder, committing to provide continuous funding support for the Group's operation needs.

Fund-raising activities


The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on November 22, 2023. For further details of the status of the use of proceeds, please refer to the Report of the Board of Directors.

Other Significant Events during the Reporting Period

Save as disclosed in this annual report, there were no significant events of the Group which would materially affect the Company's operating and financial performance during the period from the Listing Date to December 31, 2024.

Significant Events after the Reporting Period

Save as disclosed above, there were no significant events of the Group which would materially affect the Company's operating and financial performance subsequent to the Reporting Period and up to the date of this annual report.



Management Discussion and Analysis

Major Risk Factors

Risks that may have material effects on the operation of the Group are as follows:

The Company's business and future growth prospects are dependent on the overall economic situation in China and the extent of the development of specialised industrial engineering, specialised ancillary engineering, other engineering and infrastructure, and the Company's business operations and financial condition are subject to the following major risks:

Policy and Regulatory Risks

The Company's core business is affected by changes in government policies relating to the construction industry, including laws and regulations affecting infrastructure development, new energy, project financing and taxation, local government budgets and corporate participation in the infrastructure industry. During the Reporting Period, the Company complied with the regulatory requirements of the principal laws, regulations and departmental rules while closely monitoring the legislative developments in the industries in which it operates. During the Reporting Period and up to the date of this report, the Group has complied with the relevant laws and regulations that have impacts on the Group's business and operations. We cannot guarantee our internal control measures could always effectively avoid non-compliance. In case considered in violation, we are subject to administrative or regulatory fines or penalties, including the suspension or cancellation of our qualifications, and our operation could be hindered or suspended, which would impose material and adverse impacts on our business and operation. As the legal systems in the places where we operate at and the construction and installation industry continue to develop, relevant laws and regulations or their interpretation or implementation are subject to amendments or changes from time to time, and we may not be able to adjust on a timely basis to comply with relevant regulations. We may also be exposed to risk of being penalized in case of any violation by our principal businesses.

Market Risks

The Company is exposed to market risks primarily from the Company's major customers and key suppliers. Market uncertainties caused by reforms in major customers and suppliers may have a significant impact on the Company's business. In addition, other market risks, including foreign exchange risk and interest rate risk, may also have impacts on the Company's business and operations.

Environmental Compliance Risks

In the course of conducting the Company's business, we are required to comply with various PRC national and local environmental laws and regulations that set out the standards for the emission and treatment of pollutants generated during operations, including the "Law of the People's Republic of China on Prevention and Control of Noise Pollution", an environmental protection law and regulation. For example, we are required to take measures to control environmental pollution generated at construction sites and pay for the discharge of waste materials.

In the event of serious environmental offences, we may be subject to fines and other administrative penalties and/or rejection from obtaining or renewing relevant licenses and permits. Law enforcement officials also have the right to order the closure of our construction facilities if they cause environmental damage or destruction that we are unable to remedy.

Compliance and Governance Risks as a Listed Company

As a Hong Kong listed company, the Company has to strictly fulfill relevant requirements on information disclosure and decision-making procedures under laws and regulations such as the Listing Rules. For various matters such as connected transactions, disclosable transactions, approval for and publication of regular reports, dividends distribution, and the election and appointment of directors and supervisors, appropriate decision-making procedures have to be performed, and announcements have to be published on a timely basis. At the same time, it is required to ensure the truthfulness, accuracy and completeness of announcements, with high requirements for the quality of decision-making and information disclosure works. Failure to comply with relevant requirements may be subject to inquiries, sanctions, reprimands or other disciplinary actions by regulatory bodies such as the Hong Kong Stock Exchange and the China Securities Regulatory Commission. In severe cases, companies may even face suspension of trading or delisting.

Outlook

In the face of the tumultuous currents of the times and the changing landscape of the industry, progress is the direction we are destined to take. This year marks the concluding year of the “14th Five-Year Plan” and is a year of significant importance in the development process of the Group companies. We have designated this year as the “Year of Quality Empowerment”, aiming to enhance corporate quality through organizational empowerment, transformation empowerment, technological empowerment, talent empowerment and party building empowerment.

I. Breakthrough and Transcend: Use Keen Insight to Identify Opportunities and Carve Out New Paths

(1) *Organizational Empowerment — Overall Construction of a Major Strategic System*

In terms of strategic assessment and planning. We need to comprehensively, systematically, and objectively sort through production and operation data, highlighting key issues and lessons learned. It is essential to methodically summarize and refine the main achievements and experiences since the beginning of the “14th Five-Year Plan”. We should align our work with the Company’s functional positioning, specialized development directions, strategic business cultivation goals, and economic indicators, breaking down the various targets for the “15th Five-Year Plan” by year, while guiding high-quality development with high-level planning.

In terms of reform and corporate governance. We strengthen the construction of the governance system, strictly implement the term system and contractual management for members of the management team, reinforce the “contractual spirit”, and solidify management responsibilities. In accordance with the requirements for deepening the reform of state-owned enterprises, we should effectively utilize performance assessments, clarify “exit” standards, and establish practical systems for adjustment of underperformers and exit of the incompetent. We need to fully leverage the roles of the four main centers and further explore direct management project management models to enhance efficiency. We should continuously optimize the organizational structure, focusing on “downsizing and fitness”, thereby invigorating the enterprise. Strengthening the governance of subsidiaries is also essential. We should support and promote subsidiaries to enhance collaborative development with local advantageous resources through mixed ownership reform and the establishment of joint ventures, driving business growth and localization efforts.

(2) *Transformation Empowerment — Precise Implementation of the Large Market Layout*

Focus on strengthening and specializing business segments. We must maintain strategic determination and make full use of our top-tier qualifications in the petrochemical sector. With the Chemical Division, Chemical Design Institute, Northwest Branch, and specialized engineering companies as our “main forces”, we will accelerate the expansion of the petrochemical market. Building on our profession and strengths in municipal sectors, we will fully engage in policy-driven projects such as “Two New and Two Focus”, urban renewal, and the Western Development Initiative. We will work to enhance our competitive capabilities in **the power sector**, particularly in photovoltaics and wind power, further opening domestic and international markets. We will **maintain** our competitive advantage in **electromechanical installation** by leveraging our engineering company in Southern China and our subsidiaries in Hong Kong to explore overseas markets, our Shanghai engineering company to continue to delve into subway electromechanical installation projects, and cultivating high-quality electromechanical professionals through the Taiyuan Wusu airport project, further enhancing our market competitiveness and refining our “punchline products”.

Deepen and enhance the energy and carbon sector. We need to intensify our efforts in scientific research, and explore the implementation models for new energy and new power system projects such as hydrogen, ammonia, and methanol, integrated source-grid-load-storage systems, incremental distribution networks, and virtual power plants, while promoting the reporting of new energy indicators. We must firmly establish the concept of “unity is strength”, further enhancing the integration of high-quality resources within the Group, as well as along the upstream and downstream industrial chains. This will extend the depth and breadth of “internal small collaborations and external large collaborations”, accelerating the formation of a powerful synergy in the new energy sector.

Specialize and expand the transformation sector. The four major platform companies serve as important vehicles for the Group companies’ transformation business and we should accelerate their development, expand their scope, and enhance their efficiency. Shan’an Blue Sky: We must rapidly expand the clean heating market. Our focus should not only be on scale but also on addressing weaknesses in value creation. Shan’an Lide: We should enhance business collaboration and construct the solid waste project to high standards, creating exemplary and benchmark projects. Shan’an Maode: We will leverage the establishment of a zero-carbon airport at Wusu and collaborate with the Distributed Energy Research Institute to research and develop zero-carbon park projects, driving our “investment, construction, and operation” business. Shan’an Biquan: We will focus on building core technological advantages to strengthen our competitive position in water environment governance through “investment, construction, and operation”.

Stabilize and enhance the overseas sector. As the “Belt and Road” Initiative enters a new phase, we should deepen our efforts in traditional advantageous regions such as Africa, Southeast Asia, and countries along the “Belt and Road”, promoting the overseas collaborative development of businesses like petrochemicals and new energy. We need to strengthen top-level design and actively explore pilot projects for a simulated shareholding development and operation model from the Group companies level. Using overseas projects like those in Algeria as a platform, we will accumulate engineering experience while building a high-quality team, enhancing management capabilities, and improving the financial system to establish a risk prevention and control system for overseas projects.

II. Brave the Waves and Forge Ahead with Determined Belief to Face Storms and Overcome Challenges

(1) *Mechanism Empowerment — Establishing and Improving Large Business Management*

“Large Business Management” centers on managing economic activities within the enterprise, focusing on “enhancing efficiency and creating value”. It strengthens the inter-connection of four major systems: market, supply chain, contract performance, and cost, to achieve the methodology and concept for comprehensive project lifecycle management. We aim to enhance economic benefits and the core competitiveness of the enterprise by integrating and optimizing all stages of a project, from initial planning to later operations.

(2) *Management Empowerment — Systematically Advancing Major Safety Construction*

The key to the “big safety concept” is “holistic”, encompassing various fields such as construction, operations, quality, law, finance, and integrity. We aim to achieve intrinsic safety by establishing a management system centered on “comprehensive participation, full organizational involvement, and whole-process management”, where “responsibility is layered, everyone is accountable, and each has their own duties.


III. Breaking Free from the Cocoon, Reshaping with Innovative Thinking to Enhance Efficiency and Embrace Transformation

(1) *Technological Empowerment — Continuously Stimulate the Driving Force of Major Scientific Research*

High-Quality Evaluation. First is to continue to explore effective ways of promoting the efficiency of scientific research and evaluate standards for the transformation of scientific achievements, emphasizing quality, contribution, and performance orientation, continually stimulating the potential for innovation and efficiency. Second is to focus on summarizing and refining innovative and practical technologies, selecting a batch of typical achievements through fair evaluation. Third is to conduct annual evaluations of the operation status of maintenance projects and timely promote technical optimization, upgrade, and renovation work.

High-Level Scientific Research. Conduct in-depth research and actively learn from the experiences of central enterprises, Huawei, and other companies in scientific research. Establish an integrated mechanism for project, talent, and fund allocation at the Group companies level, improve provincial-level research platform construction, and systematically enhance research capabilities. Strengthen cooperation with universities, actively build a scientific innovation ecosystem with internal and external linkage and complementary advantages, promote deep integration of industry, academia, and research. Continuously advance in the research and development of technologies such as wind turbine blade recycling and high-altitude power generation, facilitate precise alignment of innovative outcomes with market demands, and bridge the “last mile” in applying and transforming innovative results.

Efficient Utilization of BIM. As Building Information Modeling (BIM) technology gradually enters a more advanced stage of application, it is essential to fully recognize the significant role of BIM technology in creating economic, social, and managerial benefits. Additionally, efforts should be concentrated on nurturing BIM technology as a core competitive advantage for the Group companies’ transformation towards integration, refinement, and technological advancement. Focusing on value creation, particularly in the context of chemical engineering projects, promote the deep integration and application of “BIM technology + prefabrication”.



Management Discussion and Analysis

High-Speed Information Transformation. Based on the overall development of the enterprise, deeply advance the information transformation and accelerate the formation of comprehensive optimization plans. Firstly, enhance data quality, enrich data application scenarios and efficiency, explore the effective use of AI technology, establish large-scale engineering data models, and address the issue of “data silos”. Secondly, focus on resolving problems such as excessive reports and repetitive data entry, effectively utilizing information technology to enhance management efficiency. Thirdly, on the foundation of comprehensive communication with Shanxi CIG, ensure the upgrade and renovation of the current project-level information systems.

(2) ***Talent Empowerment — Firmly Establish a Broad View of Talent***

The concept of a “broad view of talent” entails selecting talents from all walks of life, employing talents without constraints, and integrating the cultivation, motivation, utilization, evaluation of talents and ecosystem development seamlessly. We continuously deepen the full-cycle talent management system of “attraction, cultivation, utilization, retention, and retirement”, refine a precise and dynamic incentive system, and create a vibrant scene where exceptional talents excel and compete.

(3) ***Party Building Empowerment — Continuously Improving the Grand Pattern of Party Building***

“Big Party Building” refers to the integration of party leadership and party construction, where party leadership sets the direction, party construction provides strength, party leadership plans comprehensively, and party construction promotes stability. This integration aligns party leadership and party construction within the overall layout of the “Five-sphere Integrated Plan” and the “Four-pronged Comprehensive Strategy”, and merges within the strategic measures of comprehensive and strict governance of the Party.

Two-way Integration. Select key and challenging issues in the production and operation of the Group companies, use direct management projects as a platform to conduct in-depth research on the integration of party building and production operations through “in-depth interactive countermeasure-style” approaches, and create quantifiable and assessable beneficial outcomes. Based on the “great platform” of party building, create “party building and production operation demonstration projects”, “party building and production operation demonstration departments”, and “party building and production operation demonstration individuals” from aspects such as progress management, cost control, and technological applications to verify the effectiveness of party building work through the actual results of the work.

Despite the challenges and long journey ahead, as long as we persist in carrying out our blueprint to the end, follow through with our initiatives one after another, proactively shape a favorable external environment, and strive to transform all positive factors into tangible development achievements, we will undoubtedly continue to grow and strengthen amidst the storms. We will surely conclude the “14th Five-Year Plan” with success and compose a more splendid new chapter of high-quality development for Shanxi Installation.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. WANG Limin

Mr. WANG Limin (王利民), aged 50, the chairman and executive Director of the Company, was appointed as a Director in March 2018 and was subsequently re-designated as an executive Director in March 2022. He is the chairman of the Nomination Committee. Mr. Wang is responsible for leading the Board and he is also in charge of our Audit and Risk Control Department.

Mr. Wang has 30 years of experience in the construction industry. Mr. Wang joined our Shanghai branch in October 1994 initially as an installation worker and worked his way to be the deputy manager of our Shanghai branch in February 2004. In March 2011, Mr. Wang took the role of head of our Engineering Department. Mr. Wang became the head of our Safety Production department in March 2014 and was promoted to be our deputy chief engineer and the executive deputy general manager of our Shanghai branch in June 2014. He was further promoted to be our deputy general manager in April 2016 and subsequently became our deputy secretary of the Communist Party Committee of the Company, our general manager in March 2018. Mr. Wang has been the secretary of Communist Party Committee of the Company and our chairman since November 2020.

In January 2010, Mr. Wang obtained a bachelor's degree in Electronic Engineering and Automation from Tongji University through correspondence courses and a bachelor's degree in Water Supply and Drainage Engineering from Jiangnan University also through correspondence courses. In June 2020, he obtained a master's degree in Business Administration from Shanxi University of Finance and Economics.

Mr. Wang was recognized as a constructor in electromechanical installation by the Human Resources Bureau of Shanxi Province in November 2006, and a senior engineer in water supply and drainage engineering by the Human Resources and Social Security Bureau of Shanxi Province in December 2019.

Mr. Wang received the special honor certificate as the leader of engineering (contractor) enterprise winning 2019-2020 China Excellent Installation Project Award (China Installation Star) (2019-2020年度中國安裝工程優質獎 (中國安裝之星) 工程企業領導人(承建) 特別榮譽證書) from China Installation Association (中國安裝協會) and was named the 2020 National Excellent Integrity Entrepreneur (2020年度全國優秀誠信企業家) by Commercial Credit Center (商業信用中心) and "Enterprise Management" Magazine Publisher (《企業管理》雜誌社). Mr. Wang was honored the title of "Model Worker of the National Housing and Urban-Rural Development System (全國住房和城鄉建設系統勞動模範)" by the Department of Human Resources and Social Security and the Ministry of Housing and Urban-Rural Development in December 2022. He was appointed as a cadre of the Organization Department of the Shanxi Provincial Committee of the Communist Party of the PRC in October 2023 and July 2024, respectively.

Mr. REN Rui

Mr. REN Rui (任銳), aged 44, the vice president and executive Director of the Company, was appointed as a Director in February 2018 and was subsequently re-designated as an executive Director in March 2022. Mr. Ren is also the general manager of the Company and is responsible for the Company's daily production, operation and management, and he is also in charge of the management of the Group. He is fully responsible for the production, operation, management and accounts receivable of the Company and is in charge of the Planning and Development Department and Equity Management Center.

Mr. Ren has around 24 years' experience in the construction industry. Mr. Ren worked for Shanxi Sijian Group Company Limited* (山西四建集團有限公司, "**Shanxi Sijian**") since October 2000 and was promoted to be a deputy manager of the Ventilation and Air-conditioning Installation Branch Company (通風空調安裝分公司) of Shanxi Sijian in March 2012. Mr. Ren joined the Group in June 2014 as the manager of our Municipal Engineering Branch Company before he was promoted to be a deputy general manager of the Company in July 2017. He was further promoted to be a Director in February 2018 while continued to serve as one of our deputy general manager and was subsequently appointed as the deputy secretary of the Communist Party Committee of the Company in February 2021. Mr. Ren has been our general manager since February 2021.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Ren obtained a bachelor's degree in Civil Engineering from Chongqing University in January 2017 through correspondence courses and obtained a master's degree in International Relations in Economy and Trade from Flinders University in Australia in April 2023. He has also attended the Tenth Youth Cadre Development Program organized by the Party School of Shanxi Province (Shanxi Academic of Governance) in November 2019.

Mr. Ren was appointed by Shanxi CIG (known as Shanxi Construction Engineering (Group) Corporation* (山西建築工程(集團)總公司, at the relevant time) as an engineer in October 2014; and was recognized as a senior engineer in heating, ventilation and air conditioning engineering by the Department of Human Resources and Social Security of Shanxi Province, which was approved by Shanxi Construction Profession Senior Engineer Evaluation Committee, in November 2020.

Mr. Ren was named as one of the "2013 Outstanding Project Manager of Shanxi Construction Enterprises" by Shanxi Construction Industry Association in January 2014. Mr. Ren was named as the "Outstanding Person of 2016-2017 in the Standardization of the Safety and Quality in Construction Engineering of China" (2016-2017年度中國工程建設安全質量標準化先進個人) by the Construction Safety Professional Committee of the China Association for Engineering Construction Standardization (中國工程建設標準化協會施工安全專業委員會) in 2017 and the "Outstanding Leader in Quality Management" (質量管理卓越領導者) by Beijing ZhongJianXie Certification Centre Co., Ltd. (北京中建協認證中心有限公司) in 2019, respectively, and was awarded the "Third Prize of the 2020-2021 Science and Technology Progress Award of China Installation Association (2020-2021年度中國安裝協會科學技術進步獎三等獎)" by the China Installation Association in June 2021.

Mr. ZHANG Yan

Mr. Zhang Yan (張琰), aged 53, the vice president and executive Director of the Company. He is the member of the Remuneration and Appraisal Committee. Mr. Zhang was appointed as a Director in September 2013 and was subsequently re-designated as an executive Director in March 2022. Mr. Zhang is responsible for the party committee, labor union, complaints and proposals, human resources and logistics property management of the Group. He is in charge of the Party Committee Work Department (Youth League Committee), labor union, general office, Human Resources Department, Yu'an Hengchuang (human resources segment), Shan'an Training Center and Logistics Service Center.

Mr. Zhang has over 30 years of experience in the construction industry. Before joining the Group, Mr. Zhang has been an officer in the second branch company of Shanxi Sijian from July 1993 to December 1995 and subsequently served as a secretary, deputy chief officer and chief officer of the general office of Shanxi Sijian. In September 1998, Mr. Zhang became the head of the Administration Department of Shanxi Sijian. In November 2000, he was appointed as the deputy chief economist of Shanxi Sijian. In January 2003, Mr. Zhang joined Shanxi Construction Engineering (Group) Corporation and served as the secretary of general office until he joined the Company. Mr. Zhang joined the Company in June 2011 as the secretary of the Communist Party Committee. He was elected as the chairman of labors' union of the Company in February 2018 while he continued to be the full-time secretary of the Communist Party Committee. Currently, Mr. Zhang is a member of the Communist Party Committee, a full-time Deputy Secretary of the Communist Party Committee and chairman of the labor's union of the Company.

Mr. Zhang obtained a bachelor's degree in Chinese Literature from Shanxi University in July 1993 and he completed the master program in Legal Theory in the Party School of the Central Committee of C.P.C (National Academic of Governance) in July 2019.

Mr. Zhang was recognized as a senior economist in enterprise management by the Human Resources Bureau of Shanxi Province in November 2003. Mr. Zhang was named as one of the "Outstanding Worker for the Communist Party's Matters in Shanxi" (山西省優秀黨務工作者) in June 2016 and the "Outstanding Labor Union Cadre (優秀工會幹部)" by the Shanxi Construction Industry Labor Union Federation (山西省建築業工會聯合會) in December 2022.

Biographical Details of Directors, Supervisors and Senior Management

Non-executive Directors

Mr. XU Guanshi

Mr. Xu Guanshi (徐官師), aged 52, was appointed as an outside Director in October 2021 and was subsequently re-designated as a non-executive Director in March 2022.

Mr. Xu has around 26 years' experience in the construction industry. He started his career by joining in Shanxi Fifth Construction Engineering Company Limited* (山西省第五建築工程公司, "**Shanxi Fifth Construction**") in July 1996. He has been serving as deputy chief officer and chief officer of the general office, assistant to general manager and subsequently the deputy general manager, a director and a member of Communist Party Committee of Shanxi Fifth Construction during the period from April 2004 to November 2020. Before he joined Shanxi CIG as the chief officer of general office in November 2020, Mr. Xu was a deputy general manager, a director and a member of the Communist Party Committee of Shanxi Fifth Construction. Mr. Xu currently remains as the chief officer of the office of Shanxi CIG.

Mr. Xu obtained a bachelor's degree in Economic Management from Shanxi University in July 1996.

Mr. Xu was recognized as a senior engineer in construction engineering by the Human Resources and Social Security Bureau of Shanxi Province in November 2013.

Mr. ZHANG Hongjie

Mr. Zhang Hongjie (張宏杰), aged 46, was appointed as an outside Director in October 2021 and was subsequently re-designated as a non-executive Director in March 2022.

Mr. Zhang has around 24 years' experience in finance and accounting. Mr. Zhang has served as an accountant in the Capital Management Center of Shanxi Sijian from September 2002 to March 2010. After that, he has served as the chief officer of the Finance section of the second branch company of Shanxi Sijian until July 2011. Then, he was appointed as the deputy manager of a subsidiary of Shanxi Sijian in July 2011. In May 2016, Mr. Zhang joined Shanxi Construction Engineering (Group) Corporation and took a position in the Capital Management and Settlement Center and was subsequently promoted to be the deputy chief officer and chief officer in April 2017 and April 2020 respectively. Mr. Zhang was the head of Capital Management Department of Shanxi CIG from November 2020 to September 2024, and he has been the head of Finance and Asset Department of Shanxi CIG since October 2024.

Mr. Zhang obtained a master's degree in Business Administration from Shanxi University of Finance and Economics in July 2017.

Mr. Zhang was recognized as a senior accountant by the Human Resources and Social Security Bureau of Shanxi Province in December 2020.

Biographical Details of Directors, Supervisors and Senior Management

Mr. MU Jianwei

Mr. Mu Jianwei (慕建偉), aged 53, was appointed as an outside Director in March 2022 and was subsequently re-designated as a non-executive Director in March 2022.

Mr. Mu has over 25 years' experience in the Communist Party's building work. From July 1995 to August 1998, Mr. Mu was the secretary of the Youth League Committee of Xizhuang Village of Yangqu County of Taiyuan City. Then he served as a clerk in the Organization Department of the Communist Party's Committee of Yangqu County until November 2000 when he was assigned to be a clerk and subsequently the deputy officer clerk in June 2004 in the Organization Department of the Communist Party's Committee of Taiyuan City. He was afterwards promoted to work in the Inspection Team of the Communist Party's Committee of Shanxi Province in December 2004 till immediately before joining the Group and he has been acting as an inspector (deputy director grade) of the Provincial Committee Inspection Team, deputy manager of Talent Office, deputy director of Cadres Education Division and inspector (director grade) of the Provincial Committee Inspection Team during such period. Mr. Mu acted as the head of the Communist Party's Propaganda Department in Shanxi CIG from February 2022 to March 2025, and has been acting as the officer of the Communist Party's Inspection Office in Shanxi CIG since April 2025.

Mr. Mu completed a higher diploma program in Politics and Law from Party School of Shanxi Province (he graduated from Shanxi Academic of Governance) in July 2002 through correspondence courses and he also completed the bachelor program in Law from the Party School of the Central Committee of C.P.C (National Academic of Governance) in December 2005 also through correspondence courses.

Mr. FENG Cheng

Mr. Feng Cheng (馮成), aged 52, was appointed as an outside Director in October 2021 and was subsequently re-designated as a non-executive Director in March 2022. He is the member of the Audit Committee.

Mr. Feng has over 30 years' experience in accounting. Mr. Feng served as section chief in the Finance Department of Shanxi Fifth Construction from August 1993 to October 2003. He then joined Shanxi Construction Engineering (Group) Corporation in October 2003, initially as an officer in the Audit Department and subsequently the deputy head of the Capital Management Department. He was relocated to Shanxi Fifth Construction Group Co., Ltd. (山西五建集團有限公司) in October 2015 as the chief accountant. Mr. Feng took the role of deputy head of the Audit and Risk Management Department of Shanxi CIG since September 2016.

Mr. Feng obtained a college diploma in Accounting from Shanxi University of Finance and Economics in December 1999 and he graduated from University of International Business and Economics with a bachelor's degree in Finance in July 2005 through correspondence courses.

Mr. Feng was recognized as an accountant by the Ministry of Finance of the PRC in May 1997.

Biographical Details of Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. WANG Jingming

Mr. Wang Jingming (王景明), aged 63, was appointed as an independent non-executive Director in March 2022 taking effect on November 1, 2023. He is the chairman of the Remuneration and Appraisal Committee, a member of each of the Audit Committee and Nomination Committee.

Mr. Wang has over 40 years' experience in enterprise management, over 20 years' experience in financial management and has been acting as senior management for enterprises for over 20 years. Mr. Wang started his career as an accountant in Datong Power Station* (大同發電總廠) in September 1981. From July 1985 to October 1998, he served as the deputy chief and then the chief of finance section and finally the deputy chief accountant of Yongji Power Station* (永濟熱電廠). Mr. Wang served as the manager of the Audit Department of Shanxi Zhangze Electricity Co., Ltd.* (山西漳澤電力股份有限公司) before he joined Chalco Shanxi new materials Co., Ltd.* (中鋁山西新材料有限公司) (previously known as Shanxi Huaze Aluminum Battery Company Limited* (山西華澤鋁電有限公司)) as deputy general manager in January 2004. Since October 2018, Mr. Wang served SPIC Hebei Power Company Limited* (國家電力投資集團河北電力有限公司) and Shijiazhuang Dongfang Energy Co., Ltd.* (石家莊東方能源股份有限公司) as a deputy general manager and the chief financial officer for both companies. Since January 2018, Mr. Wang has been acting as a director or a supervisor in various subsidiaries of State Power Investment Corporation Limited (國家電力投資集團有限公司) (retired in May 2022), including SPIC Xinjiang Electricity Power Company Limited* (國家電力投資集團新疆電力有限公司) (retired in September 2021), SPIC Henan Electricity Power Company Limited* (國家電力投資集團河南電力有限公司) (retired in January 2022), SPIC Jilin Electricity Power Company Limited* (國家電力投資集團吉林電力有限公司) (retired in January 2022), SPIC North-East Electricity Power Company Limited* (國家電力投資集團東北電力有限公司) (retired in November 2020) and SPIC Beijing Electricity Power Company Limited* (國家電力投資集團北京電力有限公司) (retired in January 2022). Mr. Wang has also been a director of Chaoyang Jinda Titanium Co., Ltd. (朝陽金達鈦業股份有限公司) since July 2022, and an independent director of Hebei Cangzhou Xinchang Corporation (河北滄州信昌股份有限公司) since November 2023.

Mr. Wang completed a postgraduate course in Accounting from Capital University of Economics and Business in December 2000.

Professor WU Qiusheng

Professor Wu Qiusheng (吳秋生), aged 62, was appointed as an independent non-executive Director in March 2022 taking effect on November 1, 2023. He is the chairman of the Audit Committee. Professor Wu is currently level 2 professor and PhD tutor of Shanxi University of Finance and Economics and is a leading researcher in state audit and internal control. Over the years, Professor Wu has received various awards, such as Shanxi Provincial 1331 Project Outstanding Teacher Award (省1331工程立德樹人好老師), Shanxi Provincial Outstanding Backbone Talent Award (三晉英才拔尖骨幹人才) and Shanxi Provincial Teaching Achievement Awards (First Class in 2013 and Grand Prize in 2019) (省級教學成果一等獎(2013)和特等獎(2019)), for his contributions in education. He has also been named as Principal of National Level First Class Professional Accounting (國家級一流專業會計學負責人) and Principal of National Level First Class Auditing Course (國家級一流專業會計學和國家級一流課程審計學負責人), Professor Wu has also been a standing executive director of China Audit Society since 2020 and an academic director of the Audit Research Center of the PRC Government (中國政府審計研究中心).

Biographical Details of Directors, Supervisors and Senior Management

Professor Wu has published over 150 profession articles, over 10 teaching materials and three books. Professor Wu has been an independent director of Jinlihua Electric Co., Ltd. (金利華電氣股份有限公司) (Shenzhen Stock Exchange stock code 300069) since April 2020, an independent director of Shanxi Coal International Energy Group Co., Ltd. (山煤國際能源集團股份有限公司) (Shanghai Stock Exchange stock code: 600546) since April 2022, an independent director of Shanxi Dayu Biological Functions Co., Ltd.* (山西大禹生物工程股份有限公司) (NEEQ stock code: 871970) since February 2023 and an external supervisor of Shanxi Bank Co., Ltd.* (山西銀行股份有限公司) since April 2020. He has been an independent director of Daqin Railway Co., Ltd. (大秦鐵路股份有限公司) (Shanghai Stock Exchange stock code 601006) from May 2011 to March 2016 and an independent director of Shanxi Lu'an Environmental Energy Development Co., Ltd. (山西潞安環保能源開發股份有限公司) (Shanghai Stock Exchange stock code 601699) from November 2012 to May 2016.

Professor Wu obtained his PhD degree in Accounting from Tianjin University of Finance and Economics in 2006.

Ms. SHIN Chuck Yin

Ms. Shin Chuck Yin (單焯然), aged 51, was appointed as an independent non-executive Director in March 2022 taking effect on November 1, 2023. Ms. Shin has over 21 years' experience in finance and investment banking industry. Ms. Shin has been the managing director in the investment banking department of Minerva Advisory Global Capital Limited since July 2024. On June 5, 2024, Ms. Shin was appointed as an independent director of Qingdao Wendatong Technology Co., Ltd, a company listed on the National Equities Exchange and Quotations (stock code: 430516). Ms. Shin has been the managing director in the investment banking department of Diligent Capital Limited since October 2023. From July 2022 to October 2023, she served as an executive director in the investment banking department of TFI Capital Limited. From May 2019 to May 2022, she served as an executive director in the investment banking department of Sunfund Capital Limited. From June 2017 to May 2019, she served as an executive director in the investment banking department of LY Capital Limited. From May 2014 to June 2017, she served as a director in the investment banking department of Orient Capital (Hong Kong) Limited. From April 2011 to April 2014, she served as the vice president of the Corporate Finance Department at China Merchants Securities (HK) Co., Ltd. From June 2009 to April 2011, she served as an associate director of the Corporate Finance Department at South China Capital Limited. Ms. Shin has served as the senior manager in the Corporate Finance Department at Guotai Junan Capital Limited, Shenwan Hongyuan Capital (H.K.) Limited and Evolution Watterson Securities Limited during the period from November 2001 to February 2009.

Ms. Shin obtained a bachelor's degree in Business Administration from The University of Hong Kong in 1995.

Ms. Shin has been a Chartered Financial Analyst since 2006, a Certified Public Accountant since 1999 and a member of The Hong Kong Institute of Certified Public Accountants since 1999.

Mr. GUO He

Mr. Guo He (郭禾), aged 63, was appointed as an independent non-executive Director in October 2022 taking effect on November 1, 2023. He is the member of each of the Remuneration and Appraisal Committee and Nomination Committee.

Biographical Details of Directors, Supervisors and Senior Management

Mr. Guo obtained his bachelor's degree in Semiconductor Physics from Nanjing University (南京大學) in July 1982. He has been engaged in technical work in the design and manufacture of integrated circuits and semiconductor devices in Nanjing Semiconductor Factory (南京半導體總廠). Mr. Guo obtained a second bachelor's degree in Intellectual Property Law from Renmin University of China (中國人民大學) in 1989 and has been teaching at the university since graduation. In 2000, he obtained a doctorate in law from Renmin University of China.

Mr. Guo has been engaged in the teaching and research of intellectual property law for more than 31 years. He is currently a full-time professor at Renmin University of China, and concurrently serves as the vice president of the China Intellectual Property Research Association (中國知識產權研究會), the executive vice chairman of the Intellectual Property Law Research Association of the China Law Society (中國法學會知識產權法學研究會) and the vice chairman of the China Writer's Association (中國文學著作權協會). Mr. Guo is also an independent director of BOE TECHNOLOGY GROUP CO., LTD. (京東方科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000725).

Supervisors

Mr. SHI Meng

Mr. Shi Meng (石孟), aged 43, was appointed as a Supervisor in October 2021.

Mr. Shi has over 20 years' experience in accounting. He has been served as an accounting clerk in Shanxi Sijian from September 2002 to October 2012. Then he joined Shanxi Yijia Real Estate Development Company Limited* (山西怡佳房地產開發有限公司) as the financial controller of the Finance Department until March 2014. From March 2014 to October 2018, Mr. Shi is the chief of Finance section of our branch company and was thereafter relocated to our Finance and Asset Department where he served as the senior officer, until he was promoted to be the deputy head of our Finance and Asset Department in January 2019. From November 2019 to March 2021, Mr. Shi was appointed as the deputy head of our Audit Department and he has been the head of our Audit and Risk Control Department since March 2021.

Mr. Shi obtained a bachelor's degree in Accounting from Shanxi University of Finance and Economics in January 2018 through correspondence courses.

Mr. Shi was recognized as an accountant by the Human Resources and Social Security Bureau of Shanxi Province in October 2012 and a senior accountant in November 2021.

Mr. YAN Lei

Mr. Yan Lei (閻磊), aged 34, was appointed as a Supervisor in May 2024.

Mr. Yan joined the Group in July 2014 and served as a project accountant of the Company. He served as the general ledger accountant from October 2016 to June 2018; the finance controller of Guangdong Shan'an Construction Engineering Company Limited* (廣東山安建設工程有限公司) ("Guangdong Shan'an"), a subsidiary of the Company, from July 2018 to January 2019; and the deputy manager of Guangdong Shan'an from February 2019 to March 2023. He was the head of the Finance and Assets Department from March 2023 to June 2024. Mr. Yan acts as the officer of the office of the Board since July 2024.

Mr. Yan obtained a bachelor's degree in accounting from the Huashang College of Shanxi University of Finance and Economics (山西財經大學華商學院) in July 2014. Mr. Yan also obtained the qualification of intermediate accountant (中級會計師) from the Human Resources and Social Security Bureau of Shanxi Province in September 2019.

Biographical Details of Directors, Supervisors and Senior Management

Ms. ZHANG Caixia

Ms. Zhang Caixia (張彩霞), aged 42, was appointed as a Supervisor in October 2021.

Ms. Zhang joined the Company immediately after her graduation and she is currently the vice president of the labor union of the Company.

Ms. Zhang obtained a bachelor's degree in Business Administration from Shanxi University in June 2012.

Senior Management

Mr. NIU Xiaoping

Mr. Niu Xiaoping (牛小平), aged 49, is a deputy general manager of the Company and is responsible for, among others, monitoring construction investment, general construction contracting, prefabricating construction and park construction of the Group.

Mr. Niu has around 30 years' experience in the construction industry. Prior to joining the Group, Mr. Niu had taken several roles in the Sixth Branch Company of Shanxi Sijian, including foreman, project manager and deputy manager from August 1995 before he was transferred to the Second Branch Company of Shanxi Sijian to act as a deputy manager in August 2008. He joined as a manager in our Construction Branch Company in September 2010. Mr. Niu was promoted in February 2017 to be a deputy general manager and subsequently the general manager in July 2017 of the Construction and Investment Department of the Company. From September 2018 to April 2020, he served as the deputy chief economics of the Company. Mr. Niu has been appointed as one of the deputy general manager of the Company since April 2020 and has also acted as a director of Shan'an Bluesky from January 2019 to April 2020.

Mr. Niu graduated with a diploma in Engineering Cost Management from Lvliang Vocational College* (呂梁高等專科學校, currently known as Lvliang University) in July 2004 through correspondence courses. He also obtained a bachelor's degree in Civil Engineering from Lanzhou University of Technology in July 2013 through correspondence courses.

Mr. Niu was recognized as an associate constructor in construction by the Housing and Urban-Rural Development Bureau of Shanxi Province in December 2009 and a senior engineer in construction engineering management by the Human Resources and Social Security Bureau of Shanxi Province in December 2016. Mr. Niu was named as one of the "2014 Outstanding Project Manager of Shanxi Construction Enterprises" by Shanxi Construction Industry Association in June 2015.



Biographical Details of Directors, Supervisors and Senior Management

Mr. WANG Jianjun

Mr. Wang Jianjun (王建军), aged 42, is a deputy general manager and the chief safety officer of the Company and is responsible for production safety, costs and settlements, and materials and labor procurements.

Mr. Wang has over 20 years' experience in the construction industry. Mr. Wang joined the Group in June 2002 and was appointed as a deputy manager of the First Branch Company of the Company in December 2013. In July 2017, he was further promoted to be the general manager of the First Branch Company of the Company, the assistant to the general manager of the Company in April 2020 and the general manager of our New Energy Department in November 2020. He has been a deputy general manager of the Company since April 2021 and chief safety officer of the Company since September 2021.

Mr. Wang graduated with a diploma in Construction Project from Shanxi Engineering Vocational College* (山西工程職業技術學院) in January 2009 through correspondence courses. He also obtained a bachelor's degree in Electrical Engineering and Automation from Taiyuan University of Science and Technology in January 2016 through correspondence courses.

Mr. Wang was recognized as an associate constructor in electromechanical engineering by the Human Resources and Social Security Bureau of Shanxi Province in June 2011 and a senior engineer in construction engineering implementation by the Human Resources and Social Security Bureau of Shanxi Province in November 2020. Mr. Wang was named as the "Responsible Cadre for 2021 (2021年度擔當作為幹部)" by the Organization Department of the Shanxi Provincial Party Committee in October 2022.

Mr. LIANG Bo

Mr. Liang Bo (梁波), aged 49, is the chief engineer of the Company and is responsible for matters relating to technology, technical, and quality.

Mr. Liang has over 27 years' experience in the construction industry. Mr. Liang joined the Group in September 1997 initially as a project technician and he had taken several roles in the Group, including an electrical engineering in our branch company and a technical officer for our direct investment projects before he was appointed as the head of our Technical Centre in July 2008. In March 2014, Mr. Liang also took the role as the head of our Technical and Quality Department. Mr. Liang was appointed as a deputy chief engineer of the Company in June 2014, was promoted to be an acting chief engineer of in January 2015 and was further promoted to be the chief engineer of the Company in March 2018. Mr. Liang currently also acts as the head of our Design Institution and BIM Research Institution.

Mr. Liang graduated with a diploma in Industrial Electrical Automation from Luoyang Industry Vocational College* (洛陽工業高等專科學校, the predecessor of Luoyang Institute of Science and Technology (洛陽理工學院)) in June 1997. In July 2009, he completed the bachelor program in Electrical Engineering and Automation from Shandong University of Technology (山東理工大學) through correspondence courses. He also obtained a master's degree in Project Management Engineering from China Three Gorges University (三峽大學) in December 2017.

Mr. Liang was recognized as a senior engineer in electrical construction by the Housing and Urban-Rural Development Bureau of Shanxi Province in December 2017 and awarded the title of one of the Top Ten Innovative Entrepreneurs in Shanxi Province (山西省十大創新創業人物) in 2018. Mr. Liang was named as a "Shanxi Province Outstanding Scientific and Technological Workers" by the Shanxi Provincial Science and Technology Association in December 2019.

Biographical Details of Directors, Supervisors and Senior Management

Mr. GUO Xiaobing

Mr. Guo Xiaobing (郭小兵), aged 53, is an assistant to the general manager of the Company and is responsible for our legal, compliance, and risk management and is in charge of our Legal and Compliance Department.

Mr. Guo has around 30 years' experience in finance. Mr. Guo started his career as a finance staff in Shanxi Sijian in August 1994. From March 1998 to August 2003, Mr. Guo worked at Shanxi Yinghuang Engineering Consulting Co., Ltd.* (山西引黃工程諮詢有限公司) as the head of finance. He then became a lecturer at the Shanxi University of Finance and Economics until he joined Shanxi Securities Co., Ltd. as an analyst. Mr. Guo joined the Group in May 2014 and became the deputy officer in our Capital Department in August 2014. He subsequently promoted to be the deputy chief accountant of the Company and a deputy general manager of our Construction Investment Business Department in June 2015. In January 2019, Mr. Guo was appointed as the chief investment officer of the Company and was further promoted to be the general manager of our Construction Investment Business Department in April 2021. Since August 2021, Mr. Guo was appointed as an assistant to the general manager of the Company.

Mr. Guo graduated with a diploma in Finance from Shanxi Finance and Taxation Vocational College* (山西省財政及稅務專科學校) in July 1994. In June 2004, he obtained a master's degree in Economics from Shanxi University of Finance and Economics. In June 2012, Mr. Guo also obtained a doctoral degree in History of Economic Thoughts from Wuhan University (武漢大學).

Mr. Guo was recognized as a senior economist by the Human Resources and Social Security Bureau of Shanxi Province in November 2014.

Ms. ZHOU Saimei

Ms. Zhou Saimei (周賽梅), aged 45, is the chief accountant of the Company and is in charge of works including assets management, financial management, capital management and capital operation. Ms. Zhou has around 18 years' experience in finance. Ms. Zhou joined the Company in July 2004 as a cashier and has served as an accountant in our First Branch Company, an accountant in our Finance Department and our Capital Centre since August 2005 before she became a deputy head of our Finance and Assets Department in July 2014. She was appointed as the head of our Capital Centre in January 2015 and then the head of Finance and Assets Department in February 2016. During the period from March 2020 to April 2021, she worked as the deputy head of our Finance Share Service Centre. Ms. Zhou is re-appointed as the head of our Finance and Assets Department in April 2021. She started to serve as the chief accountant of the Company in September 2022.

Ms. Zhou obtained a bachelor's degree in Economics and in Accounting (double degree) from Shanxi University of Finance and Economics in July 2004.

Ms. Zhou was recognized as a senior accountant by the Human Resources and Social Security Bureau of Shanxi Province in August 2014.

Biographical Details of Directors, Supervisors and Senior Management

Joint Company Secretaries

Mr. ZHANG Xiaodong

Mr. Zhang Xiaodong (張曉東), aged 41, is the secretary to the Board and one of the joint company secretaries of the Company. Mr. Zhang joined the Group in August 2005 by initially working in our fifth and sixth Branch Companies and in the Finance and Assets Department of the Company. From February 2016 to January 2019, Mr. Zhang served as a director and chief accountant of Shan'an Bluesky. From August 2017 to March 2020, he served as the head of the Listing Preparation Office responsible for overall management of the preparation of the proposed listing of Shan'an Bluesky on the National Equities Exchange and Quotations and was again appointed as the standing deputy director of the Listing Preparation Office in April 2021 for the Listing. Mr. Zhang has also served as a deputy manager of the Construction and Investment Department of the Company from November 2019 to March 2021.

Mr. Zhang graduated with a diploma in Computerized Accounting from Shanxi Finance and Taxation College in July 2005 and he completed the bachelor program in Accounting from the Central Tele-broadcast University* (中央廣播電視大學, now known as The Open University of China) in July 2009. Mr. Zhang registered as a mid-level accountant in October 2014 and passed the International Certified Management Accountant Association certificate in International Certified Management Accountant Qualification in August 2016. He was recognized as a senior accountant by the Human Resources and Social Security Bureau of Shanxi Province in July 2022.

Ms. CHAN Sze Ting

Ms. Chan Sze Ting (陳詩婷) is one of the joint company secretaries of the Company. Ms. Chan is a director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), which is a global professional services supplier specializing in integrated business, corporate and investor services. Ms. Chan has over 19 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) (formerly The Institute of Chartered Secretaries and Administrators (ICSA)) in the United Kingdom. Ms. Chan holds a bachelor's degree in law from the University of London, Britain.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in this annual report (the “**Corporate Governance Report**”).

Compliance with CG Code

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of the Shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the CG Code as set out in Appendix C1 of the Hong Kong Listing Rules (as in effect from time to time) as the basis of the Company’s corporate governance practices. The Company has complied with all the code provisions of the CG Code during the year ended December 31, 2024.

Directors’ and Supervisors’ Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors, Supervisors and the Group’s senior management.

The Company has maintained a system in monitoring the dealings of the Company’s securities by Directors and Supervisors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company will notify all Directors and Supervisors the blackout period before the commencement of such blackout period, reminding the Directors and Supervisors not to deal in the Company’s securities during the blackout periods before the announcement of results. The Board is of the view that the guidelines and procedures for the Directors’ and the Supervisors’ dealings of securities in the Company are adequate and effective.

The Company had made specific enquiry of all Directors and Supervisors and all Directors and Supervisors have confirmed that they were in strict compliance with the standards as set out in the Model Code during the year ended December 31, 2024.

Board of Directors

The Company is headed by an effective Board which oversees the Company’s businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board regularly reviews the contribution required from a director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The terms of reference of the committees under the Board specify that the Directors may invite experts, scholars, intermediary agencies and relevant personnel to attend the meetings to explain and describe the issues to be discussed at the meetings if necessary. Such invitations are at the Company’s expense to ensure that the Directors are given independent views and opinions. The Board has reviewed these mechanisms to ensure their effective implementation.

The executive Directors of the Company earnestly perform the dual responsibilities of decision-making and implementation, actively implement the decisions of the general meeting and the Board, and effectively play the role of a bond between the Board and the management. The non-executive Directors of the Board supervises the Board and the senior management and provides different perspectives to matters presented to the Board. The independent non-executive Directors of the Company carefully study the development strategy and business strategy of the Company, and provides independent opinion and judgement to the Board.

During the Reporting Period, the independent non-executive Directors of the Company contributed significantly in improving the Company's corporate governance structure and protecting the interests of the Company's minority shareholders.

Board Composition

As of the date of the report, the Board comprised 11 Directors, consisting of three executive Directors, four non-executive Directors and four independent non-executive Directors as follows:

Executive Directors

Mr. WANG Limin

Mr. REN Rui

Mr. ZHANG Yan

Non-executive Directors

Mr. XU Guanshi

Mr. ZHANG Hongjie

Mr. MU Jianwei

Mr. FENG Cheng

Independent Non-executive Directors

Mr. WANG Jingming

Professor WU Qiusheng

Ms. SHIN Chuck Yin

Mr. GUO He

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

Except for the relationships between the Directors set forth in the respective Director's biography under the section headed "Biographical Details of Directors, Supervisors and Senior Management", the Directors do not have financial, business, family or other material/relevant relationships with one another.

Independent Non-executive Directors

During the year ended December 31, 2024, the Board at all times fulfilled the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.



Corporate Governance Report

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Directors (including executive Directors and independent non-executive Directors) shall be elected at the general meeting for a term of three years. The Board is eligible for re-election upon expiry of the term of office.

Corporate Culture

Corporate vision: *“To become the most competitive modern engineering service provider in China”*

Interpretation: We uphold the development vision of Shanxi CIG, succeed to the spirit of the Long March, and shape the century-old character of Shan'an's sacrifice and contribution.

Competitiveness: It represents having the most agile market expansion capability, the highest quality product and service provision capability, the strongest social resource integration capability, the most complete industry chain operation capability, and the most advanced technology and digital assurance capability.

Modernization: Modernized management philosophy based on innovative business models, modernized management organization based on open platforms, modernized management control based on core competence, modernized management strategies based on information and digital technologies.

Engineering service provider: Become a “Five in One” full life cycle provider with competitive edge in specialised areas including design and consulting, investment and construction, building construction, component manufacturing, as well as operation and maintenance.

Corporate mission: *“Dedication to excellence and building the future”*

Dedication to excellence: Serve the community with dedication to excellence in engineering. Uphold the spirit of being responsible for customers as well as ourselves, strive for excellence in terms of design, construction, operation and maintenance, provide excellent quality and thoughtful service, with dedication to high-quality engineering services for the community and setting a role model for the industry.

Building the future: Build a better future by taking actions today. Promote green and low-carbon environmental protection and energy-saving projects which are vital to the national economy and people's livelihood for generations. Today's hard work will certainly be rewarded with customer satisfaction, people's happiness as well as social harmony and stability, building a better and happier future.

Corporate core values: *“Integrity, pragmatism and perseverance”*

Integrity and pragmatism: Keep promises, be loyal to the enterprise, work sincerely, and report performance truthfully without misrepresentation of data nor covering up of facts; exercise pragmatism: being down-to-earth, practical and reasonable, hold an attitude that is upright and serious, propose projects that are practical and feasible, and plans must be executed fully and thoroughly.

Perseverance: In the process of development, there are always many uncertainties. Do not give up because of short-lived difficulties or frustrations. Regardless of the place and time, the objective will finally be met if a goal can be clearly identified, followed by a great deal of confidence and persistent focus on the relevant tasks.

Corporate spirit: “The spirit of the Long March”

Interpretation: Succeed to the spirit of the “Long March” formed in the early years of Shanxi Installation when the Great Hall of the People was constructed, that is, dedication and selfless contribution to the country, taking responsibility in critical times and making commitments to accomplish missions, with the innovative spirit of making continuous improvements, achieving excellent agility and demonstrating immense courage to achieve perfection and exceptional craftsmanship.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company’s affairs.

The Board directly, or indirectly through its committees, leads and provides direction to senior management by laying down strategies and overseeing their implementation, monitors the Company’s operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The management is responsible for implementing the decisions of the Board, guiding and coordinating the daily operation and management of the Company.

Permitted Indemnity Provision

The Company has arranged appropriate insurance coverage on Directors’, Supervisors’ and senior management’s liabilities in respect of any legal actions taken against Directors, Supervisors and senior management arising from the Company activities since the Listing Date.

Continuous Professional Development of Directors

Each newly appointed Director will receive a comprehensive, formal and tailor-made induction programme upon his/her first appointment to ensure that he/she has a proper understanding of the Company’s business and operations and is fully aware of his/her responsibilities and obligations under the Hong Kong Listing Rules and relevant regulatory requirements.

Corporate Governance Report

The Company provides lectures, seminars and on-line training as well as reading materials on relevant topics for the Directors. During the year ended 31 December 2024, all Directors have attended training courses on Directors' responsibilities. In addition, the Company has provided the Directors with relevant reading materials such as the latest legal and regulatory information for their reference and study.

The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors for the year ended December 31, 2024 is summarized as follows:

Directors	Types of Training ^{Note}
Executive Directors	
Mr. WANG Limin	A, B
Mr. REN Rui	A, B
Mr. ZHANG Yan	A, B
Non-executive Directors	
Mr. XU Guanshi	A, B
Mr. ZHANG Hongjie	A, B
Mr. MU Jianwei	A, B
Mr. FENG Cheng	A, B
Independent Non-Executive Directors	
Mr. WANG Jingming	A, B
Professor WU Qiusheng	A, B
Ms. SHIN Chuck Yin	A, B
Mr. GUO He	A, B

Note:

Types of Training

A: Attending training sessions, including but not limited to, talks, seminars and online training

B: Reading relevant training materials, news alerts, newspapers, journals, magazines and relevant publications

Board Diversity Policy

The Board has adopted a board diversity policy ("**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance its effectiveness. Pursuant to the Board Diversity Policy, diversity in our Board is achieved through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Company recognises and believes strongly in the benefits of a diverse board of directors and sees increasing diversity, including gender diversity, at the board level as a key factor in maintaining the Company's competitive edge, enhancing its ability to attract a diverse range of talent as well as retaining and motivating employees. We have also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management.

The Directors have a balanced mix of knowledge and skills, including in management, strategic and business development, research and development, sales and marketing, legal compliance and corporate finance. They obtained degrees in various areas and with experience from different industries and sectors.

As at the date of this report, the Board consists of 11 Directors, including four independent non-executive Directors. The ages of our Directors range from 43 years old to 63 years old, and we have both male and female representatives on the Board. The Nomination Committee will review and assesses the composition of the Board and make recommendations to the Board on appointment of members of the Board. At the same time, our Nominating Committee will consider the benefits of all aspects of diversity, including, but not limited to, professional experience, skills, knowledge, educational background, age, gender, culture, ethnicity, as well as length of service, in order to maintain an appropriate weighting and balance of talents, skills, experience and diversity of perspectives on the Board.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 10 Directors
Female: 1 Director

Designation

Executive Directors: 3 Directors
Non-executive Directors: 4 Directors
Independent Non-executive Directors: 4 Directors

Nationality

Chinese: 11 Directors

Age Group

41–50: 3 Directors
51–60: 5 Directors
61–70: 3 Directors

Educational Background

Business Administration: 4 Directors
Account and Finance: 3 Directors
Civil Engineering: 1 Director
Legal: 3 Directors

Business Experience

Construction Industry: 4 Directors
Account and Finance: 4 Directors
Others: 3 Directors

The Nomination Committee is of the view that the current Board fully demonstrates diversity in terms of skills, experience, knowledge, independence, gender, age, etc., and the Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

Corporate Governance Report

Nomination Policy

The Company has adopted a nomination policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors and Supervisors. Any Shareholders individually or jointly holding more than 3% of the shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting the nomination of candidates for Directors and Supervisors, and the nominators shall provide the biographical details and basic information of the candidates for Directors or Supervisors (such as educational background, work experience, relationship with the Company and its Controlling Shareholders and de facto controllers, shareholding of the Company, and whether they have been disciplined by relevant government departments). In accordance with the relevant laws, administrative regulations, regulatory documents of China, the listing rules of the stock exchange where the Company's securities are listed and the relevant regulatory rules and the Articles of Association, the personal information of the nominated candidates for Directors shall be disclosed in due course for the Shareholders' consideration and voting at the general meeting.

Board Independence Evaluation

The Company has established a board independence evaluation mechanism ("**Independence Evaluation Mechanism**") during the Year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The board independence evaluation report ("**Independence Evaluation Report**") will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended December 31, 2024, all Directors have completed the independence evaluation in the form of a questionnaire individually. The Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended for December 31, 2024 the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee, which are responsible for specific affairs of the Company respectively, and providing consultation or recommendations in relation to decision-making of the Board.

All Board Committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board Committees are posted on the Company's website and HKEX's website and are available to Shareholders.

Audit Committee

The Audit Committee consists of one non-executive Director, namely Mr. Feng Cheng, and two independent non-executive Directors, namely, Mr. Wang Jingming and Professor Wu Qiusheng. Professor Wu Qiusheng is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Audit Committee include but are not limited to:

- To evaluate and monitor external audit work, including monitoring external auditors' independence and objectivity and effectiveness in the audit process, discussing the nature and scope of the audit and reporting obligations, developing and implementing policies on engaging external auditors to supply non-audit services;
- To review the financial statements and financial reports of the Company and advise thereon;
- To review the Company's financial controls, internal control and risk management systems;
- To review anonymous whistle-blowing arrangements of the Company for employees to raise concerns about possible improprieties;
- To review and monitor the training and continuous professional development of directors and senior management of the Company; and
- Other matters as authorized by the Board and other matters involved in the laws and regulations as well as the relevant regulations of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed.

During the Reporting Period, four Audit Committee meetings were held to review the annual financial results for the year ended December 31, 2023, change of external auditor and relevant scope of works, and the interim financial results for the six months ended June 30, 2024. The attendance records of the Audit Committee members to the Audit Committee meetings are set out under the section headed "Attendance Record of Directors and Committee Members".

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of one executive Director, namely Mr. Zhang Yan, and two independent non-executive Directors, namely Mr. Wang Jingming and Mr. Guo He. Mr. Wang Jingming is the chairman of the Remuneration and Appraisal Committee.

The terms of reference of the Remuneration and Appraisal Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Remuneration and Appraisal Committee include but are not limited to:

- to make recommendations to the Board on the Company's policy and structure for remuneration of all directors and senior management and on the formulation of a set of formal and transparent procedures for developing remuneration policy;

Corporate Governance Report

- to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the Board;
- to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of non-executive directors;
- to determine the remuneration packages of directors and senior management members of the Group, taking into account the salaries paid by comparable companies to similar positions, the time commitment required, responsibilities and employment conditions of other employees of the Group;
- to review and approve compensation payable to executive directors and senior management of the Group for any loss or termination of office or appointment to ensure that they are consistent with contractual terms or are otherwise fair and reasonable;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms or are otherwise fair and reasonable;
- to review and approve the payment of compensation to executive directors and senior management for loss or termination of employment or appointment so as to ensure that such compensation satisfies the contractual terms or, in case the compensation does not conform to contractual terms, is fair and reasonable and no undue burden is placed on the Company;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and
- other duties and powers as conferred by laws, regulations, departmental rules, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, these rules of procedure and the Board.

During the Reporting Period, one Remuneration and Appraisal Committee meeting was held for considering and recommending to the Board the remuneration and other benefits paid by the Company to the Directors and senior management and other related matters. The attendance records of the Remuneration and Appraisal Committee members to the Remuneration and Appraisal Committee meetings are set out under the section headed "Attendance Record of Directors and Committee Members".

Details of the remuneration of the senior management by band for the year ended December 31, 2024 are set out below:

Remuneration band (RMB)	Number of person(s)
Nil to 400,000	10
400,000 to 600,000	5
600,000 to 1,000,000	6

Nomination Committee

The Nomination Committee consists of one executive Director, namely Mr. Wang Limin, and two independent non-executive Directors, namely, Mr. Wang Jingming and Mr. Guo He. Mr. Wang Limin is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code and in compliance with the relevant laws and regulations of the PRC.

The primary duties and responsibilities of the Nomination Committee include but are not limited to:

- to formulate the standards, procedures and methods for election of directors and senior management of the Company and submit the same to the Board for consideration; to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. In addition, the Nomination Committee shall formulate policies in respect of the diversity of the members of the Board. The diversity of the members of the Board can be realised through a variety of factors, including but not limited to the gender, age, culture and education background or expertise and experience, and the policies in respect of the diversity of the Board shall be disclosed in the corporate governance report;
- to review the candidates for directors and the general manager and make recommendations; to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors in particular the chairman of the Board and the general manager;
- to identify individuals suitably qualified to become directors, and screen the candidates for other senior management members nominated by the general manager, select and nominate individuals for directors or other senior management members or provide advice to the Board in this regard;
- to review the Company's plans on developing a team of talents;
- to look for suitable candidates for vacant positions from the domestic and overseas human resources markets and within the Company, and make recommendations to the Board;
- to evaluate the overall skills, knowledge and experience of directors and senior management and assess the independence of the independent directors; and
- other duties and powers delegated by the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee shall expand and discuss on measurable objectives for achieving diversity on the Board every year, monitor the progress of achieving such measurable objectives, and recommend them to the Board for adoption to ensure the continuous effectiveness of the diversity policy and the Board.

Corporate Governance Report

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's gender, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

The Nomination Committee has reviewed the structure, size and composition (including the skills, knowledge and experience) and diversity policy of the Board and considered an appropriate balance of diversity perspectives of the Board is maintained.

During the Reporting Period, one Nomination Committee meeting was held to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, the structure, size and composition diversity of the Board and the 2023 annual performance report of the Nomination Committee. The attendance records of the Nomination Committee members to the Nomination Committee meeting are set out under the section headed "Attendance Record of Directors and Committee Members".

Attendance Record of Directors and Committee Members

The attendance record of each Director during their tenure of office at the Board meetings, Board Committee meetings and the general meetings of the Company during the Reporting Period is set out in the table below:

Name of Director	Board	Attendance/Number of Meetings			
		Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	General Meetings
Executive Directors					
Mr. Wang Limin	11/12	N/A	N/A	1/1	2/2
Mr. Ren Rui	12/12	N/A	N/A	N/A	2/2
Mr. Zhang Yan	11/12	N/A	1/1	N/A	2/2
Non-executive Directors					
Mr. Xu Guanshi	9/12	N/A	N/A	N/A	2/2
Mr. Zhang Hongjie	10/12	N/A	N/A	N/A	2/2
Mr. Mu Jianwei	10/12	N/A	N/A	N/A	2/2
Mr. Feng Cheng	9/12	3/4	N/A	N/A	2/2
Independent non-executive Directors					
Mr. Wang Jingming	12/12	4/4	1/1	1/1	2/2
Professor Wu Qiusheng	11/12	4/4	N/A	N/A	2/2
Ms. Shin Chuck Yin	12/12	N/A	N/A	N/A	2/2
Mr. Guo He	12/12	N/A	1/1	1/1	2/2

During the Reporting Period, the Chairman of the Board and the independent non-executive Directors have met once without the presence of other Directors to discuss the future strategic planning of the Company.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

For the year ended December 31, 2024, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

Risk Management and Internal Controls

The Company recognizes that risk management is critical to the success of our business. The major operational risks faced by the Company in the course of its business are described in the "Management's Discussion and Analysis" section of this report. To address these challenges, our Audit Committee is responsible for reviewing the Company's financial control, internal control and risk management systems.

The Company has established an effective comprehensive risk management system and mechanism to improve the level of risk mitigation and management standard, as well as to clarify the collection, collation and reporting of events with significant operational risks to safeguard the stable operation and sustainable development of the Company.

In 2024, the Company promulgated and executed systems related to internal control, such as the "Measures on Internal Control Assessment and Management of Shanxi Installation Group Co., Ltd." and the "Implementation Rules for Internal Control Management of Shanxi Installation Group Co., Ltd.", and conducted promotion, using this as the base for standardizing the implementation of internal control works.

The Company organizes a company-wide risk assessment exercise each year to determine the risk situation in the following year.

Internal Control

The Board of Directors is responsible for establishing and maintaining an effective internal control system. During the Reporting Period, we regularly reviewed and strengthened our internal control system. The following is a summary of the internal control policies, measures and procedures that we have implemented or plan to implement:

We have adopted a number of measures and procedures for various aspects of our operations, such as environmental protection and occupational health and safety. Regular training on these measures and procedures is provided to employees as part of their training programs. We also regularly monitor the implementation of these measures and procedures at every stage of the service delivery process through our on-site internal control team.

The Board, with the assistance of our legal advisers, will regularly review our compliance with relevant laws and regulations.

We have established the Audit Committee, which is responsible for reviewing our financial control, internal control and risk management systems on a regular basis. In 2024, 4 meetings of the Audit Committee were convened in total to consider relevant matters.



Corporate Governance Report

We have appointed Shanxi Securities International Capital Limited as our compliance adviser to advise the Directors and the management team on Hong Kong Listing Rules matters.

We require all directors, supervisors, senior management and employees to act honestly and ethically at all times, to the extent permitted by applicable law, and to comply fully with our Code of Conduct. The Code of Conduct outlines prohibited types of behaviour and imposes strict rules on charitable donations and sponsorships and hospitality expenses to minimize the risk of corruption.

We will continue to seek advice from law firms in other jurisdictions in which we currently operate, or may operate in the future, in order to keep abreast of applicable local laws and regulations. We will continue to arrange for various trainings to be provided from time to time by our external legal advisers and/or any appropriate accredited organizations to keep our directors, supervisors, senior management and relevant employees up-to-date with the laws and regulations of the jurisdictions in which we currently operate or may operate in the future.

The Company has formulated its disclosure policy to provide general guidelines to the directors, supervisors, senior management and relevant employees of the Company in handling confidential information, monitoring disclosure of information and whistleblowing protocols.

The Board recognizes its responsibility for the risk management and internal control systems and reviews the effectiveness of these risk management and internal control systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established internal audit and risk prevention and control functions with the objective of helping the Company to achieve its objectives by adopting a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management and internal control system and to address significant internal control deficiencies. The Board has reviewed the effectiveness of the Company's internal audit system and risk management and internal control system, including the adequacy of the Company's resources, staff qualifications and experience in the above systems and the Company's accounting, internal audit and financial reporting functions, as well as the adequacy of staff training programs and budget.

The Audit Committee attaches great importance to the Company's internal control management, promotes the effective implementation of internal control measures by all departments and subsidiaries of the Company, and ensures that the Company will carry out the internal control review tasks satisfactorily for the proper execution of the Company's production and operation activities. The Company conducts annual reviews and evaluations of its risk management and internal control system during the reporting period.

The Audit Committee has carefully reviewed the evaluation report on internal control and communicated with the auditors on matters in relation to internal audit, and has not found any material and significant deficiencies with respect to the Company's internal control.

During the Reporting Period, the Board considered that the Company's risk management and internal control systems were effective and adequate after reviewing all material controls over finance, operation and compliance for the year ended December 31, 2024. The Board will review the Company's risk management and internal control system annually.

Gender Diversity and Equal Opportunities Policy

We respect the gender, age and ethnicity of each person. As of December 31, 2024, approximately 27.0% of our full-time employees (including senior management) were female. We will continue to focus on embracing diversity within the Company and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. To this end, we have adopted policies on compensation, dismissal, equal opportunities, diversity and antidiscrimination. Accordingly, the Company gives each job applicant an equal job opportunity and we have an internal policy in place to ensure that there is no discrimination as to gender, age and ethnicity. In addition, we have stipulated in our internal guidelines that decision in relation to human resource management, which include but not limited to promotion, salary increment and dismissal within the Company would be based solely on the employee's performance, experience and capability. While we strive to provide equal career opportunity for everyone, we will also continue to promote work-life balance and create a happy culture in our workplace for all of our employees.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this Annual Report:

	Female	Male
Board	9.1%(1)	90.9%(10)
Senior management	16.7%(1)	83.3%(5)
Other employees	27.0%(997)	73.0%(2,690)
Overall workforce	27.0%(999)	73.0%(2,705)

The Board had targeted to achieve and had achieved at least 9.1% (1) of female Directors, 16.7% (1) of female senior management and 27.0% (997) of female employees of the Group and considers that the above current gender diversity is satisfactory.

We will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management. We will encourage current Board members, particularly members of the Nominating Committee, to recommend female director candidates and take other actions to help achieve greater Board diversity, such as inviting some of our talented mid- and senior-level female employees to attend and observe Board meetings. This will enable the Board to learn more about female candidates before they are nominated to the Board, and provide potential female candidates with the opportunity to prepare for directorships.

We will also continue to ensure that gender diversity exists in the recruitment of middle and senior level employees so that we can provide female senior management and potential successors to the Board at the proper timing to ensure gender diversity on the Board. The Group will continue to emphasise the training of female talents and provide long-term development opportunities for female employees, including but not limited to business operations, management, accounting and finance, legal and compliance. As such, we believe that the Board will have the opportunity to identify capable middle and senior level female employees for future nomination as Directors and will be able to make available a list of female candidates for such purpose.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

To the knowledge of the Directors, there are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report.

Auditors' Remuneration

The following table sets forth the types of services provided by and the fees for the domestic and international external auditors of the Group in 2024:

Services rendered by Grant Thornton (Special General Partnership)	Fees paid/ payable RMB'000
Audit services	2,600
Total	2,600

Joint Company Secretaries

Mr. Zhang Xiaodong and Ms. Chan Sze Ting acted as joint company secretaries of the Company. For their respective biography, please refer to the section headed "Profiles of Directors, Supervisors and Senior Management" of this annual report.

Ms. Chan Sze Ting, the director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), was appointed as one of the joint company secretaries of the Company. The key contact person between Ms. Chan Sze Ting and the Company is Mr. Zhang Xiaodong. During the Reporting Period, Ms. Chan Sze Ting and Mr. Zhang Xiaodong have both complied with Rule 3.29 of the Hong Kong Listing Rules by taking no less than 15 hours of the relevant professional training.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices related matters.

Shareholders' Rights

To safeguard Shareholders' interests and rights, all resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and HKEX after each general meeting.

Convening Shareholders' General Meetings

An annual general meeting is required to be held once every year within six months following the end of the previous financial year. An extraordinary general meeting is required to be held within two months subsequent to the occurrence of any of the following:

- the number of directors is less than the number provided for in the Company Law or less than two thirds of the number prescribed in the Articles of Association;
- the Company's losses which have not been made up attain one-third of the total paid up share capital;
- upon requisition by a Shareholder who holds 10% or more of the Company's shares singly or jointly (the number of shares held by the Shareholders shall be counted based on the date of the written request);
- the Board of Directors deems necessary;
- upon requisition by the Board of Supervisors;
- upon the approval by at least half of all of the independent non-executive Directors;
- other circumstance as specified by laws, administrative regulations and the Articles of Association.

A general meeting shall be convened by the Board, and chaired by the chairman. In the event that the chairman is unable to perform his/her duties, the meeting shall be chaired by the deputy chairman. In the event that the deputy chairman is unable to perform his/her duties, a Director jointly nominated by half or more of the Directors shall chair the meeting.

A general meeting convened by the Board of Supervisors shall be chaired by the chairman of the Board of Supervisors. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a Supervisor jointly recommended by more than one half of the Supervisors shall chair the meeting.

A general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener. If for any reason, the Shareholder is unable to elect a representative as a presider to preside over the meeting, the Shareholder holding the most voting shares among the Shareholders (including shareholder proxy (other than HKSCC Nominees)) shall act as the presider to preside over the meeting.

Corporate Governance Report

Putting Forward Proposals at General Meetings

Shareholders who individually or collectively hold over 3% of the shares of the Company may submit written provisional proposals to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of general meeting within two days upon receipt of the proposals and announce the contents of the proposals on the agenda.

Except as provided in the Articles of Association, the convener shall not make any changes to the proposals set forth in the notice of the general meeting or add any new proposals once the notice and announcement of the general meeting have been issued.

The contents of such proposals shall fall with the authority of the general meeting, contain a clear topic and a specific resolution and comply with relevant provisions of laws, administrative regulations and these Articles of Association.

Contact Details

Shareholders may send their enquiries or requests to the Company at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (For the attention of the Board/Company secretary).

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communication with Shareholders and Investors/Investor Relations

The Company recognises that communication with its Shareholders and the market is essential to ensure that Shareholders have access to the information they reasonably require to make an informed assessment of the Company's strategy, operations and financial performance. The Company is committed to maintaining effective and timely communication of the Company's information to its Shareholders and the market.

The Company endeavours to maintain an ongoing dialogue with Shareholders, in particular through general meetings which provide an opportunity for communication between Shareholders and the Board.

The Company's Shareholder Communication Policy has been developed to ensure that Shareholders, including individual and institutional Shareholders and, where appropriate, the investment community, have timely access to comprehensive, equal and easy to understand information about the Company (including overviews on financial performance, strategic objectives and plans, significant developments, governance and risks), in order to enable Shareholders to exercise their rights in an informed manner and to allow Shareholders and the investment community to engage actively with the Company.

1. General Policy

1. The Board shall maintain an ongoing dialogue with Shareholders and the investment community, and will regularly review this policy to ensure its effectiveness.
2. The main channels through which the Company communicates information to Shareholders and the investment community are: the Company's financial reports (quarterly (if any), interim and annual reports); the annual general meeting and other general meetings that may be convened; and the publication of all disclosures submitted to Hong Kong Stock Exchange, as well as the Company's newsletters and other corporate publications on the Company's website.
3. The Company will at all times ensure that information is communicated to Shareholders and the investment community in an effective and timely manner. Any queries on this policy should be directed to the joint company secretaries of the Company.

2. Communication Channels

Shareholders' Enquiries

Shareholders should address any questions regarding their shareholdings to the Company's share registrar and transfer office. Shareholders and the investment community may at any time request access to publicly available information of the Company.

The Company shall provide Shareholders and the investment community with a designated contact person, email address and enquiry channel of the Company to facilitate any enquiry they may have about the Company.

Shareholders may send such enquiries or requests to:

Address: No. 8 Xinhua Road, Tanghuai Industrial Park, Shanxi Transformation and Comprehensive Reform Demonstration Zone, the People's Republic of China
Postcode: 030032
Telephone/Fax: 0351-5679309

Shareholders are required to deposit and send the original of the signed written request, notice or statement or enquiry (as the case may be) to the above address, giving their full names, contact details and identities to enable the Company to respond. Shareholders' information may be disclosed as required by law.

Corporate Communication

Corporate communication refers to any document which issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to, the directors' report and annual accounts together with the auditor's report, interim report, notice of meeting, circular and proxy form.

Corporate communications to Shareholders are prepared in plain language in both Chinese and English to facilitate Shareholders' understanding of the contents of the communications. Shareholders have the right to choose the language (either English or Chinese) in which they wish to receive the corporate communications or the means of receipt (paper version or electronic form).

Shareholders are advised to provide the Company with, inter alia, their email addresses to facilitate the provision of timely and effective communications.

Corporate Governance Report

Company Website

A dedicated “Investor Relations” section is available on the Company’s website (www.sxaz.com.cn). The information posted on the website is updated regularly.

Information released by the Company on the website of HKEX is also posted on the Company’s website immediately. Such information includes financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents.

General Meetings

Shareholders are encouraged to participate in general meetings and if they are unable to attend, they may appoint a proxy to attend and vote on their behalf.

Appropriate arrangements should be made for annual general meetings to encourage Shareholders’ participation.

The Company shall monitor and regularly review the proceedings of general meetings and make changes where necessary to ensure that they meet the needs of Shareholders.

Board members, in particular, the chairmen of Board Committees or their delegates, appropriate executive management and the external auditors shall attend the annual general meeting to answer questions from Shareholders.

Shareholders are encouraged to attend Shareholders’ events organised by the Company to keep abreast of the Company’s developments, including updates on strategic planning, products and services.

Investment market communications

The Company organises various activities, including briefings and individual meetings with investors/analysts, local and/or international promotional tours, media interviews and investor outreach activities, as well as organises/participates in industry thematic forums, etc., as it deems appropriate to facilitate communication between the Company and its Shareholders and the investment community.

Directors and employees of the Company are subject to the disclosure obligations and requirements under the Company’s policy on disclosure of inside information whenever they have contacts or dialogues with investors, analysts, the media or other outside related parties.

3. Shareholders’ Privacy

The Company understands the importance of protecting Shareholders’ privacy and will not disclose Shareholders’ information without their consent, except as required by law.

The Board has reviewed the above policy, and believes that Shareholders have sufficient means and channels to express their opinions to the Company, and the Company’s shareholders’ communication policy was effectively implemented and executed during the Reporting Period.

Changes to the Articles of Association

On May 22, 2024, the Company has made certain changes to the Articles of Association to reflect the relevant changes in the Company's registered capital and share capital structure.

An up-to-date version of the Articles of Association is available on the Company's website and HKEX's website. Save as disclosed above, there had been no significant change in the Articles of Association throughout the Reporting Period.

Dividend Policy

The Company has adopted a dividend policy in respect of the payment of dividends. The Company does not have any predetermined dividend payout ratio. In accordance with the dividend policy, the Board shall take into account the following factors when considering the declaration and payment of dividends:

- the actual and expected financial performance of the Group;
- the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- the Group's financial position;
- general economic conditions, the business cycles of the Group's operation and external factors that may affect the Group's future business and financial performance and position;
- Shareholders' interests;
- any restrictions on dividend payments; and
- other factors that the Board considers relevant.

The Board will review this policy from time to time, and reserves the right to update, amend, modify and/or cancel this policy at any time in its sole and absolute discretion.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors hereby presents the annual report and the audited financial statements of the Group for the Reporting Period to Shareholders.

Composition of the Board of Directors

As at December 31, 2024, the Board consisted of the following 11 Directors:

Executive Directors

Mr. WANG Limin
Mr. REN Rui
Mr. ZHANG Yan

Non-executive Directors

Mr. XU Guanshi
Mr. ZHANG Hongjie
Mr. MU Jianwei
Mr. FENG Cheng

Independent Non-executive Directors

Mr. WANG Jingming
Professor WU Qiusheng
Ms. SHIN Chuck Yin
Mr. GUO He

Composition of the Board of Supervisors

During the Reporting Period, the Company has the following three Supervisors:

Mr. SHI Meng
Mr. CAO Haiyang (resigned on May 22, 2024)
Mr. YAN Lei (appointed on May 22, 2024)
Ms. ZHANG Caixia

Principal Business of the Group

We are a construction service provider based in Taiyuan, a city in Shanxi Province, China. We primarily engage in the following four business segments: (i) specialized industrial construction, (ii) specialized auxiliary construction, (iii) other construction, and (iv) non-construction business. We offer a wide range of services, from (i) design and consulting, (ii) investment and construction, (iii) building construction, to (iv) operation and maintenance. For further information of the principal business of the Company, please refer to the section “Business Review” of this Annual Report.

Business Review

A review of the Group’s business during the year ended December 31, 2024, which includes a discussion of the principal risks and uncertainties faced by the Company, an analysis of the Company’s performance using financial key performance indicators, particulars of important events affecting the Company during the year ended December 31, 2024, and an indication of likely future developments in the Company’s business, could be found in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” and “Corporate Governance Report” in this annual report. The review and discussion form part of this Report of the Board of Directors.

Major Customers and Suppliers

In the Reporting Period, the Company's customers consist of local governments, listed companies, large state-owned groups and private enterprises. In the Reporting Period, revenue from the largest customer accounted for 5.54% of the Company's total revenue. Revenue from the Company's five largest customers accounted for an aggregate of 22.71% of the Company's total revenue.

In the Reporting Period, the Company's suppliers consist of both state-owned and non-state construction raw material and labor cost suppliers. In the Reporting Period, purchases from the Company's largest suppliers accounted for 9.37% of the Company's total purchases. Purchases from the Company's five largest suppliers accounted for an aggregate of 25.72% of the Company's total purchases.

None of the Directors and Supervisors or any of their close associates (as defined under the Hong Kong Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Company's five largest suppliers or the Company's five largest customers.

Final Dividend and Closure of Register of Members

The Board recommends the declaration of a final dividend of RMB0.04537 (inclusive of tax) per 10 Shares (representing an aggregate amount of RMB6.2 million (inclusive of tax) calculated based on the total issued Shares as at the date of this report) for the year ended December 31, 2024 (the **"Final Dividend"**).

The aforesaid proposal is subject to the consideration and approval at the annual general meeting of the Company (**"AGM"**). In order to qualify for the entitlement to the proposed Final Dividend, the register of members of the Company will be closed from Thursday, May 29, 2025 to Wednesday, June 4, 2025, both days inclusive, during which period no transfer of H shares in the Company will be registered. All transfer of H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, May 28, 2025. If the distribution proposal is approved at the AGM, the Final Dividend will be distributed on or around Friday, July 18, 2025 to H shares Shareholders whose names appear on the register of members of the Company's H shares on Wednesday, June 4, 2025. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC one calendar week prior to the approval of the Final Dividend at the AGM.

Financial Statements

The financial statements of the Group for the current financial year is set out on pages 82 to 303 of this annual report.

Five-year Financial Summary

A summary of the results and assets and liabilities of the Group for the most recent five years is set out in the section headed "Five-Year Financial Summary" on page 6 of this annual report.

Fixed assets

Details of the movements in fixed assets of the Group for this financial year are set out in note V.13 to the consolidated financial statements.

Report of the Board of Directors

Construction-in-progress

Details of the changes in the Group's construction-in-progress for this financial year are set out in note V.14 to the consolidated financial statements.

Loan and Guarantee Provided to Directors, Supervisors, Senior Management, Controlling Shareholders of the Company and their Respective Connected Persons

Saved as disclosed in note X.5 to the consolidated financial statements, the Company had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the Controlling Shareholders of the Company or their respective connected persons.

Share Capital

As of December 31, 2024, the total share capital of the Company was RMB1,373,486,000, divided into 1,373,486,000 Shares of RMB1.00 each. Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in note V.35 to the consolidated financial statements.

Purchase, Sale and/or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Debentures in Issue

We did not have any debentures in issue as at December 31, 2024.

Equity-linked Agreements

For the Reporting Period, we did not enter into any equity-linked agreement, nor did we have any equity-linked agreement.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

Tax Relief

Tax Relief or Exemption on Dividend Income of Holders of Listed Securities

(1) Individual Investors

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), dividend and bonus income received by overseas resident individual shareholders from the issuance of shares in Hong Kong by domestic non-foreign invested enterprises shall be subject to the payment of individual income tax according to the item of "interest, dividend and bonus income", which shall be withheld by the withholding agents according to the law. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between the countries where they reside and the PRC and the tax arrangements between the Mainland China and Hong Kong (Macau SAR). The relevant dividend tax rate under the relevant tax treaties and tax arrangements is generally 10%. For the purpose of simplifying tax administration, domestic non-foreign invested enterprises

issuing shares in Hong Kong may, when distributing dividends and bonuses, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents from countries under treaties to be entitled to tax rates lower than 10%, in accordance with the Administrative Measures for Non-resident Taxpayers to Enjoy Treatments under Tax Treaties (Announcement of the State Administration of Taxation [2019] No. 35) (《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)), if the individual H shareholders are residents from countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, such individual H shareholders shall voluntarily submit statements to the companies in order to enjoy the agreed treatment, and keep relevant materials for inspection. If the information provided is complete, the companies shall withhold the tax in accordance with the provisions of the PRC tax laws and treaties; (2) for residents of countries which have entered into tax treaties with the PRC stipulating a tax rate of more than 10% but less than 20%, the withholding agents shall withhold the individual income tax at the agreed effective tax rate when distributing dividends and bonuses, and are not obligated to file an application for approval; (3) for residents of countries without tax treaties or under other circumstances, the withholding agents shall withhold the individual income tax at a rate of 20% when distributing dividends and bonuses.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (Guo Shui Han [2006] No. 884) (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》(國稅函[2006]884號)) signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% of the equity interests in the PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

Pursuant to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (根據《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends and bonuses received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H-share companies shall withhold individual income tax at the rate of 20%.

(2) *Enterprises*

Pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) effective on January 1, 2008, a non-resident enterprise is subject to enterprise income tax at the rate of a 10% on PRC-sourced income, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the dividends and bonds received has no real connection with such establishment or premise. The withholding tax may be reduced or exempted under an applicable double taxation treaty. Any H Shares registered under the names of non-individual Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations and groups are deemed to be held by non-resident enterprise Shareholders. The Company will distribute the final dividend to such non-individual Shareholders after withholding the enterprise income tax at a rate of 10%.

Report of the Board of Directors

Pursuant to the Notice on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)(國稅函[2008]897號)) issued by the State Administration of Taxation, a PRC resident enterprise, a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

For dividends and bonuses received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)). For dividend and bonus income received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H-share companies shall not withhold income tax on dividends and bonuses, and the tax payable shall be declared and paid by the enterprises themselves.

For the non-resident enterprise Shareholders of the Company, pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China amended in 2018 and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China amended in 2019 (hereinafter collectively referred to as the “**EIT Law**”) and other relevant laws and regulations, from January 1, 2008, where a PRC domestic enterprise distributes dividends to non-resident enterprise shareholders (i.e. legal person shareholders) for accounting periods beginning on January 1, 2008, the enterprise income tax shall be withheld and paid by the payer as the withholding agent. Therefore, the Company is required to withhold enterprise income tax at the rate of a 10% when it distributes the 2023 final dividend to non-resident enterprise Shareholders of H Shares whose names appear on the register of members of the Company on the record date. In respect of all H Shareholders whose names appear on the H Share register of members as at the record date who are not registered as individuals (including HKSCC Nominees Limited, other corporate nominees or trustees, and other groups or organizations, which are all considered as non-resident enterprise shareholders), the Company shall distribute the 2024 final dividend after deducting 10% income tax.

Shareholders shall pay relevant taxes and/or enjoy tax relief in accordance with the above provisions.

Reserves

Changes in the Group's and the Company's reserves during the year are set out in the “Consolidated Statement of Changes in Shareholders' Equity” and the “Statement of Changes in Shareholders' Equity of the Company” attached to the consolidated financial report in this report, respectively. Pursuant to the Company Law of the People's Republic of China, upon deducting statutory surplus, the undistributed profit could be distributed as dividend. As at December 31, 2024, the undistributed profit of the parent company is RMB30,405,000.

Sufficiency of Public Float

The Company has maintained a sufficient public float during the Reporting Period.

Compliance with the CG Code

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 38 of this annual report.

Environment, Policies and Performance

The Company is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Company has established detailed internal rules and policies regarding environmental protection, in particular, the discharge of air, water and solid waste and noise control.

For further details of the Company's environmental policies and performance, please refer to the Environmental, Social and Governance Report of the Company published on the Company's website and HKEX's website on April 25, 2025.

Biographical Details of Directors, Supervisors and Senior Management

Biographical details of the Directors, the Supervisors and the senior management of the Company as at the date of this annual report are set out on pages 25 to 35 in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

Pursuant to Rule 13.51(B) of the Hong Kong Listing Rules, there is no other change in the information of Directors, Supervisors or the chief executive of the Company except as disclosed in this annual report.

Directors' and Supervisors' Service Contracts

The Company have entered into a contract with each of our Directors and Supervisors in respect of, among other things, (i) compliance of relevant laws and regulations; and (ii) observance of the Articles of Association.

Save as the above, none of the Directors or Supervisors has entered into any service contract with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation.

Remuneration of Directors, Supervisors and Senior Management

The remuneration of Directors, Supervisors and senior management is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management, employment conditions of other positions in our Company and the desirability of performance-based remuneration. Remuneration is determined based on the principle of linkage between performance and remuneration, taking into account various aspects such as job responsibilities, comprehensive quality and results of performance appraisal.

Details of the Directors' and Supervisors' emoluments and emoluments of the five highest paid individuals in the Company are set out in note XIII.3 to the consolidated financial statements.



Report of the Board of Directors

During the Reporting Period, no emoluments were paid by the Company to any Directors, Supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office. None of the Directors or Supervisors has waived any emoluments for the year ended December 31, 2024.

Except as disclosed above, no other payments have been made or are payable, during the Reporting Period, by the Company to or on behalf of any of the Directors or Supervisors.

Arrangements for purchase of Shares or Debentures

None of the Company, its holding company or any of its subsidiaries has entered into any arrangement at any time during the Reporting Period, so that the Directors would benefit from the purchase of Shares or debt securities (including debentures) of the Company or any other body corporate.

Contract with Controlling Shareholders

Save as disclosed in this annual report and contracts for transactions involved in the section headed “Related Parties and Related Party Transactions” in note X to the consolidated financial statements as stated in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their respective subsidiaries during the Reporting Period, and no contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or any of their respective subsidiaries was entered into during the Reporting Period.

Directors’ and Supervisors’ Interests in Contracts, Agreements or Transactions

No transaction, arrangement and contract of significance to the business of the Company which the Company or any of its subsidiaries was a party, and in which a Director or Supervisor or any entity connected with such a Director or Supervisor had a material interest, whether directly or indirectly, subsisted during the Reporting Period.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into by the Company or in existence during the Reporting Period.

Continuing disclosure obligations pursuant to the Hong Kong Listing Rules

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

Directors’ Interest and Short Position in Shares, Underlying Shares and Debentures

As of December 31, 2024, none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company, once the Shares are listed on the Hong Kong Stock Exchange.

Substantial Shareholders' Interests and Short Position

As at December 31, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of shares*	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
Shanxi CIG ⁽¹⁾	Beneficial owner	980,000,000 Domestic Shares (L)	100.00%	72.81%
	Interest in controlled corporation	20,000,000 Domestic Shares (L)		
SSCO	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
Shanxi SASAC	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
明陽智慧能源集團股份公司	Beneficial owner	98,792,000 H Shares (L)	26.45%	7.19%
海南天堃私募股權投資基金管理有限公司 ⁽²⁾	Interest in controlled corporation	65,668,000 H Shares (L)	17.58%	4.78%
JinYi Capital Multi-Strategy Fund SPC Ltd.	Beneficial owner	51,608,000 H Shares (L)	13.82%	3.76%
金洛(深圳)私募股權投資基金管理有限公司 ⁽³⁾	Interest in controlled corporation	42,872,000 H Shares (L)	11.48%	3.12%
海南天坤神奕私募股權投資基金合夥企業(有限合夥) ⁽²⁾⁽³⁾	Beneficial owner	42,872,000 H Shares (L)	11.48%	3.12%
海南天坤仙凝私募股權投資基金合夥企業(有限合夥) ⁽²⁾⁽³⁾⁽⁶⁾	Beneficial owner	22,796,000 H Shares (L)	6.10%	1.66%
江蘇萬威電氣有限公司 ⁽⁶⁾	Interest in controlled corporation	22,796,000 H Shares (L)	6.10%	1.66%
海南景泰精準股權私募基金二期合夥企業(有限合夥) ⁽⁴⁾⁽⁵⁾	Beneficial owner	34,779,000 H Shares (L)	9.31%	2.53%
四川華之燁電力設計有限公司 ⁽⁵⁾	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
景泰創業投資私募基金管理(海南)合夥企業(有限合夥) ⁽⁵⁾	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%

Report of the Board of Directors

Name of Shareholder	Nature of Interest	Number and class of shares*	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
CITIC Securities Company Limited ⁽⁷⁾	Interest in controlled corporation	29,864,000 H Shares (L)	8.00 %	2.17 %
		29,864,000 H Shares (S)	8.00 %	2.17 %
CITIC Securities International Company Limited ⁽⁷⁾	Interest in controlled corporation	29,864,000 H Shares (L)	8.00 %	2.17 %
		29,864,000 H Shares (S)		
CSI Global Markets Holdings Limited ⁽⁷⁾	Interest in controlled corporation	29,864,000 H Shares (L)	8.00 %	2.17 %
		29,864,000 H Shares (S)		
CITIC Securities International Capital Management Limited ⁽⁷⁾	Beneficial owner	29,864,000 H Shares (L)	8.00 %	2.17 %
		29,864,000 H Shares (S)		
GaoTeng Overseas Private Fund Management (Hainan) Ltd. ⁽⁸⁾	Beneficial owner	21,252,000 H Shares (L)	5.69 %	1.55 %
西安山工國際建築工程有限公司 ⁽⁷⁾	Interest in controlled corporation	21,252,000 H Shares (L)	5.69 %	1.55 %
GaoTeng Global Asset Management Limited ⁽⁸⁾	Interest in controlled corporation	21,252,000 H Shares (L)	5.69 %	1.55 %

Notes:

- (1) Shanxi CIG directly holds 980,000,000 Domestic Shares and holds 20,000,000 Domestic Shares through 上海榮大投資管理有限公司, its wholly-owned subsidiary.
- (2) 海南天堃私募基金管理有限公司 is the general partner of 海南天坤神奕私募基金投資基金合夥企業(有限合夥) and 海南天坤仙凝私募基金投資基金合夥企業(有限合夥). By virtue of the SFO, 海南天堃私募基金管理有限公司 is deemed to be interested in the shares held by 海南天坤神奕私募基金投資基金合夥企業(有限合夥) and 海南天坤仙凝私募基金投資基金合夥企業(有限合夥).
- (3) 金洛(深圳)私募基金管理有限公司 holds 76.66% of the shares in 海南天坤神奕私募基金投資基金合夥企業(有限合夥). By virtue of the SFO, 金洛(深圳)私募基金管理有限公司 is deemed to be interested in the shares held by 海南天坤神奕私募基金投資基金合夥企業(有限合夥).
- (4) 四川華之燦電力設計有限公司 holds 99.99% of the shares in 海南景泰精準股權私募基金二期合夥企業(有限合夥). By virtue of the SFO, 四川華之燦電力設計有限公司 is deemed to be interested in the shares held by 海南景泰精準股權私募基金二期合夥企業(有限合夥).
- (5) 景泰創業投資私募基金管理(海南)合夥企業(有限合夥) is the general partner of 海南景泰精準股權私募基金二期合夥企業(有限合夥). By virtue of the SFO, 景泰創業投資私募基金管理(海南)合夥企業(有限合夥) is deemed to be interested in the shares held 海南景泰精準股權私募基金二期合夥企業(有限合夥).
- (6) 江蘇萬威電氣有限公司 holds 99.98% of the shares in 海南天坤仙凝私募基金投資基金合夥企業(有限合夥). By virtue of the SFO, 江蘇萬威電氣有限公司 is deemed to be interested in the shares held by 海南天坤仙凝私募基金投資基金合夥企業(有限合夥).

- (7) CITIC Securities Company Limited holds 100% of the shares in CITIC Securities International Company Limited, CITIC Securities International Company Limited holds 100% of the shares in CSI Global Markets Holdings Limited and CSI Global Markets Holdings Limited holds 100% of the shares in CITIC Securities International Capital Management Limited. By virtue of the SFO, CITIC Securities Company Limited, CITIC Securities International Company Limited and CSI Global Markets Holdings Limited are deemed to be interested in the shares held by CITIC Securities International Capital Management Limited.
- (8) 西安山工國際建築工程有限公司 holds 100% of the shares in GaoTeng Global Asset Management Limited, and GaoTeng Global Asset Management Limited holds 100% of the shares in GaoTeng Overseas Private Fund Management (Hainan) Ltd. By virtue of the SFO, GaoTeng Global Asset Management Limited is deemed to be interested in the shares held by GaoTeng Overseas Private Fund Management (Hainan) Ltd.

Retirement Benefits Scheme

The employees of the Company's subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The Group is obliged to make specified contributions to the retirement benefit scheme.

Details of the pension obligations of the Company are set out in note V.26 and 33 of the consolidated financial statements in this annual report.

During the Reporting Period, no forfeited contributions had been used by the Company to reduce the existing level of contributions.

Connected Transactions

During the Reporting Period and up to the date of this annual report, the Company entered into the following transaction with persons who are regarded as "connected persons" pursuant to Chapter 14A of the Listing Rules.

Provision of Guarantee to Envision Enterprise

On December 9, 2024, the Board approved the resolution regarding the entering into of a guarantee agreement (the "**Guarantee Agreement**") by the Company with the Export-Import Bank of China, Hunan Branch ("**CEXIM**") to provide joint and several liability guarantee for the debts of Envision Enterprise Investment Limited* (遠景企業投資有限公司) ("**Envision Enterprise**") under a financing loan agreement intended to be signed by Envision Enterprise with CEXIM to borrow a loan with a maximum amount not exceeding USD82 million from CEXIM as operating funds of the project. The maximum guarantee amount is USD13 million and the maximum liability period is 12 years, subject to the terms of the Guarantee Agreement to be entered into.

Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司) ("**Shanxi CIII**") is a subsidiary of Shanxi CIG, the Controlling Shareholder of the Company, and Shanxi CIII holds 40% equity interests in Envision Enterprise, thus Envision Enterprise is an associate of Shanxi CIG and is therefore a connected person of the Company. Therefore, the entering into of the Guarantee Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

On December 27, 2024, the resolution on the proposed entering into of the Guarantee Agreement was passed by the shareholders of the Company. In the course of implementing the loan and the Guarantee Agreement with CEXIM, the Guarantee Agreement was ultimately not signed due to the changes in policy of CEXIM and the extension of approval cycle.

The Company has conducted the following continuing connected transactions which are required to be disclosed in the annual report under the Hong Kong Listing Rules during the year ended December 31, 2024.

Report of the Board of Directors

Design Services Framework Agreement

Description

On November 3, 2023, the Company entered into a framework agreement for the provision of design services (the “**Design Services Framework Agreement**”) with Shanxi CIG commencing from the Listing Date and ending on December 31, 2025, pursuant to which, the Company and relevant members of SCIG Group who need the Company’s design services will enter into separate contract for detailed scope of work. Shanxi CIG is the Controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions between the Company and Shanxi CIG under the Design Services Framework Agreement constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap of service fee for the year ended December 31, 2024, as revised on August 13, 2024, is RMB13.2 million.

Historical Transaction Amount during the Reporting Period

For the year ended December 31, 2024, the Group received approximately RMB3.1 million from Shanxi CIG as service fee.

Reasons for Transaction

The Company possesses comprehensive design qualifications and excellent design capabilities, which have consistently generated business opportunities. The Board believes that the design capabilities of the Company puts itself in a favourable position to fully seize the growing demand for related design services to be provided by the Group to Shanxi CIG.

Property Management Framework Agreement

Description

On November 3, 2023, the Company entered into a property management framework agreement (the “**Property Management Framework Agreement**”) with Xie’an Property commencing from the Listing Date and ending on December 31, 2025, pursuant to which, Xie’an Property will provide property management services (including property management, facilities and equipment maintenance, food and beverage services, gardening services and cleaning services) to the Group. Xie’an Property is a non-wholly-owned subsidiary of Shanxi CIG, the Controlling Shareholder of the Company, and an associate of Shanxi CIG and hence a connected person of the Company. Accordingly, the transactions between the Company and Xie’an Properties constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap of service fee for the year ended December 31, 2024 is RMB13.0 million.

Historical Transaction Amount during the Reporting Period

For the year ended December 31, 2024, the Group paid approximately RMB1.5 million to Xie’an Property as service fee.

Reasons for Transaction

Our Directors are of the view that as Xie’an Property has been serving the Group for years, it is beneficial to the Group to continue to engage Xie’an Property in terms of price, efficiency, quality and reliability in the provision of such services.

Sales Framework Agreement

Description

On November 3, 2023, the Company entered into a sales framework agreement with Shanxi CIG (the “**Sales Framework Agreement**”), pursuant to which SCIG Group will purchase certain construction materials, including but not limiting to, ready mixed concrete and pre-casted concrete parts from the Group commencing from the Listing Date and ending on December 31, 2025. Shanxi CIG is the Controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions between the Company and Shanxi CIG constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap for the total purchases from the Group by SCIG Group under the Sales Framework Agreement for the year ended December 31, 2024 is RMB200.0 million.

Historical Transaction Amount during the Reporting Period

The total amount received by the Group from SCIG Group in relation to sales of construction materials for the year ended December 31, 2024 was RMB11.5 million.

Reasons for Transaction

The main products we have been selling to SCIG Group are concrete related products. As the production facility of Shan'an Lide, a subsidiary of the Group, commenced trial production in April 2021, Shan'an Lide commenced to sell ready mixed concretes and pre-casted concrete products to SCIG Group who has stable needs for concrete products for its construction business. Our Directors consider that sales to SCIG Group would allow us to be benefited from the revenue generated from the sales of concrete related products. Other than the concrete products produced by Shan'an Lide, the Group has also supplied moulds and fence panels and other construction materials to SCIG Group occasionally in the past.

Financial Services Framework Agreement

Description

On November 3, 2023, the Company entered into a financial services framework agreement (the “**Financial Services Framework Agreement**”) with Shanxi CIG (for itself and on behalf of its subsidiaries), pursuant to which relevant members of SCIG Group will provide comprehensive credit facility services, settlement services, finance lease services and other financial services (collectively, the “**Financial Services**”) to the Group under the Financial Services Framework Agreement commencing from the Listing Date and ending on December 31, 2025.

Reasons for the transaction

We have been obtaining financial services from certain members of SCIG Group in the ordinary and usual course of our business in the past. Having considered that (i) the interest rates on loans and facilities offered by relevant members of SCIG Group to the Group will be no less favorable than those offered by independent commercial banks and financial institutions in the PRC for similar amount and period; (ii) the financial service providers in SCIG Group have obtained necessary licenses (if required) in connection with the provision of the Financial Services to the Group; and (iii) the financial service providers in SCIG Group have better understanding of operations of the Group, so that they can develop practical financing solutions that closely align with our funding needs to provide credit facilities and loans to the Group in efficient manner, our Directors consider that the financial services contemplated under the Financial Services Framework Agreement will be able to meet the daily operation needs of the Group.

Report of the Board of Directors

Historical amount during the Reporting Period

The transaction amount for the year ended December 31, 2024 was as follows:

	For financial year ended December 31, 2024 (RMB million)
Maximum daily balance of comprehensive credit facility services	332.0
Fees for settlement services, finance lease services and other financial services	1.5

Annual cap

The annual cap under the Financial Services Framework Agreement is as follows:

	Annual Cap (RMB million) For financial year ended December 31, 2024
Maximum daily balance of comprehensive credit facility services	500.0
Fees for settlement services, financial lease services and other financial services	7.0


Bilateral Construction Services Framework Agreement

Description

On November 3, 2023, the Company entered into a bilateral construction services framework agreement (the **"Bilateral Construction Services Framework Agreement"**) with Shanxi CIG, pursuant to which the Group may engage members of SCIG Group to provide construction services while SCIG Group may engage members of the Group to provide construction services (including industrial equipment installation) as and when required commencing from the Listing Date and ending on December 31, 2025.

Reasons for the transaction

We have been providing construction services to SCIG Group in the ordinary and usual course of our business in the past. The services provided by the Group to SCIG Group involved specialized industrial construction works, specialized auxiliary construction works and other construction works. Our Directors consider that the provision of construction services to SCIG Group would benefit the Group for the reasons that (i) the Group, as a member of SCIG Group, has established a stable business relationship with SCIG Group and understand the business operations, construction requirements, quality control and other requirements of SCIG Group, which enable smooth cooperation and reducing operational costs; (ii) by providing construction services to SCIG Group's engineering projects, the Group has the opportunity to expand its portfolio of construction of large-scale projects; (iii) we are the only subsidiary of Shanxi CIG which possesses both Premium Grade Qualifications of General Contracting for Petrochemical Engineering Construction and Municipal Public Engineering Construction; (iv) given the close proximity, we are able to provide construction services to SCIG Group when SCIG Group does not have enough capacity to carry out the works; and (v) the price and terms of providing construction services to SCIG Group are no less favorable to us than those offered by us to Independent Third Parties. As for the SCIG Group, it can leverage on the Group's experience and expertise to increase construction efficiency as the Group may have more experiences and expertise than SCIG Group in certain construction fields. We have also subcontracted construction works to SCIG Group in the ordinary and usual course of our business in the past.



Report of the Board of Directors

We have subcontracted certain works such as geotechnical survey, design, and testing; foundation construction; construction quality inspection and testing; water conservancy well drilling and construction project supervision, etc. to SCIG Group. Our Directors consider that the subcontracting of construction work to SCIG Group would benefit the Group for the reasons that (i) there is a stable business relationship between SCIG Group and the Group; (ii) SCIG Group is familiar with the Group's specifications, standards and requirements and therefore the Group has confidence in the quality of the subcontracting services provided by SCIG Group; (iii) SCIG Group has the relevant licenses, qualifications, expertise and experiences for a wide range of works and thus the Group can ensure that the relevant works and requirements undertaken from our customers can be conducted in a satisfactory manner; (iv) SCIG Group also has sufficient resources so that we will be able to subcontract excessive work loads to it when we do not have sufficient capacity to conduct the works ourselves to optimise our resources; and (v) and the price and terms of providing construction services to us by SCIG Group are no less favorable than those offered to us by Independent Third Parties. We undertake that upon Listing, we will only subcontract construction works to SCIG Group through open tender procedures.

Historical amounts

The total amount paid by the Group to SCIG Group for the construction services provided to the Group for the year ended December 31, 2024 was RMB45.3 million.

The total amount received by the Group from SCIG Group for the construction services provided to SCIG Group for the year ended December 31, 2024 was RMB167.9 million.

Annual Cap

The annual cap for the construction services based on contract value under the Bilateral Construction Services Framework Agreement for the year ended December 31, 2024 is as follows:

	Annual Cap (RMB million) For financial year ended December 31, 2024
Contract value construction services to be provided by SCIG Group to the Group	100.0
Contract value construction services to be provided by the Group to SCIG Group	800.0

Raw Materials Procurement Framework Agreement

Description

On November 3, 2023, the Company entered into a raw materials procurement framework agreement with Shanxi CIG (the "**Raw Materials Procurement Framework Agreement**"), pursuant to which the Group will purchase certain raw materials, including but not limiting to, steel, and pre-casted and prefabricated parts from Shanxi CIG commencing from the Listing Date and ending on December 31, 2025.

Reasons for the transaction

We have been purchasing certain raw materials from SCIG Group in the ordinary and usual course of our business in the past. Our Directors consider that purchasing from SCIG Group would allow us to be benefited from the lower price and more favorable terms offered by the suppliers of relevant raw materials to SCIG Group due to the bulk quantities it purchases. Even though SCIG Group would charge handling fees on top of the original prices of relevant raw materials, the overall prices could still be lower than those we obtained for similar quantities and delivery terms in the market.

Report of the Board of Directors

Historical amounts

The total amount paid by the Group to SCIG Group in relation to purchases of raw materials for the year ended December 31, 2024 was approximately RMB536.4 million.

Annual cap

The annual cap for the purchase from SCIG Group under the Raw Materials Procurement Framework Agreement for the year ended December 31, 2024 is RMB1,200.0 million.

Save as disclosed above, during the year ended December 31, 2024, the Group had not entered into any connected transactions which are required to be disclosed in this report pursuant to the Hong Kong Listing Rules.

New Cooperation Agreement for Energy Services

Description

On August 13, 2024, the Company entered into a cooperation agreement for energy services (the “**New Cooperation Agreement for Energy Services**”) with Shanxi CIG commencing from August 13, 2024 and ending December 31, 2025, pursuant to which, the Group provides (i) solar power; (ii) hot water generated from air source heat pump system; and (iii) comprehensive energy system management services (the “**Energy Services**”) to industrial parks under Shanxi CIG. Shanxi CIG is the Controlling Shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions between the Company and Shanxi CIG under the New Cooperation Agreement for Energy Services constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Annual Cap

The annual cap of transaction amounts for Energy Services for the year ended December 31, 2024 (as amended on August 13, 2024) is RMB4.1 million.

Historical Transaction Amount during the Reporting Period

For the year ended December 31, 2024, the Group received approximately RMB3.6 million from Shanxi CIG for the Energy Services.

Reasons for Transaction

Due to the gradual production and operation of the industrial parks owned by the SCIG Group, the number of industrial parks for which the Group provides Energy Services has increased as compared with that prior to the Listing Date. With several industrial parks scheduled to commence operations in the second half of and by end of 2024, and the continuous operation commencement of new projects in 2024 and the stable operation of projects in operation in prior years, the Board resolved to enter into the New Cooperation Agreement for Energy Services to reflect the revision of annual caps and to reflect the latest business arrangements of the Group and the SCIG Group.

Review by and Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that such transactions were: (i) carried out in the ordinary and usual course of business of the Group; (ii) made on normal or better commercial terms (as defined in the Hong Kong Listing Rules); and (iii) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

External auditor's report on the Group's continuing connected transactions

The Board confirms that the letter issued by the Company's auditor in respect of the disclosed continuing connected transactions in this annual report has covered each of the matters set out in Rule 14A.56 of the Listing Rules and the letter has stated that nothing has come to the auditor's attention that causes the auditor to believe that such disclosed continuing connected transactions:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) have exceeded the annual caps as set by the Company.

Related Party Transaction

Details of the related party transactions of the Group for the Reporting Period are set out in note X to the consolidated financial statements of the annual report.

Non-competition Undertaking

To ensure that competition does not develop between us and other business activities and/or interests of Shanxi CIG, our Controlling Shareholder, Shanxi CIG (the "**Covenantor**") (for itself and each member of its group, excluding members of the Group) has entered into a Non-competition Agreement in favor of the Company (for itself and as trustee for the benefit of each of its subsidiaries from time to time) on November 3, 2023, pursuant to which the Covenantor has, among other things, irrevocably and unconditionally undertaken with the Company that at any time during the relevant period, it shall not, and shall procure that its close associates (other than members of the Group) not to, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the restricted regions (as defined hereinafter) which are the same as, similar to or in competition or likely to be in competition with the restricted businesses (as defined hereinafter) carried on or contemplated to be carried on by any member of the Group from time to time. Details of the Non-compete Undertakings are set out in the section headed "Relationship with our Controlling Shareholder" in the Prospectus.

Shanxi CIG confirmed that they have complied with the non-compete undertakings during the Reporting Period. The independent non-executive Directors have conducted such review for the Reporting Period and also reviewed the relevant undertakings and are satisfied that the Non-compete Undertakings have been fully complied with.

Directors' Interests in a Competing Business and Conflict of Interests

For the year ended December 31, 2024, none of the Directors or their respective close associates (as defined in the Hong Kong Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Company, other than being a Director of the Company and/or its subsidiaries.

Report of the Board of Directors

Use of Proceeds

The total net proceeds from the issue of new H Shares by the Company in its listing on the Hong Kong Stock Exchange amounted to approximately HK\$738.5 million, after deducting the underwriting commission and other expenses payable by the Company in connection with the global offering of the Company. The Company intends to use the unutilized net proceeds in the same manner and proportions as described in the Prospectus and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

	Net proceeds intended to be distributed according to the prospectus (HK\$ millions)	Unutilized net proceeds as of January 1, 2024 (HK\$ millions)	Actual use of proceeds during the Reporting Period (HK\$ millions)	Net proceeds unutilized during the Reporting Period (HK\$ millions)	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	147.6	5.6	142	To be utilized before end of 2025
For financing our investment in existing and future distributed photovoltaic projects	73.9	73.9	—	73.9	To be utilized before end of 2025
For our future investment in wind power projects in the PRC or abroad	73.9	73.9	—	73.9	To be utilized before end of 2026
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	73.9	16.2	57.7	To be utilized before end of 2026
For financing our existing and future clean heating projects	29.5	29.5	1.8	27.7	To be utilized before end of 2026
For financing our future distributed energy projects	36.9	36.9	—	36.9	To be utilized before June 2025
For financing our existing water treatment projects	36.9	36.9	—	36.9	To be utilized before end of 2026
For financing our future solid waste disposal projects	29.5	29.5	5.4	24.1	To be utilized before end of 2026
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2	22.2	—	22.2	To be utilized before end of 2026
For making payment of the construction fee for equipment required for the existing service concession project	36.9	36.9	36.4	0.5	To be utilized before end of 2026
For our existing and future service concession projects including the service concession project of Urban Flood Control and Drainage and Comprehensive Treatment of Ecological Environment in Zhangzi County, Changzhi City	44.3	44.3	—	44.3	To be utilized before end of 2025

Report of the Board of Directors

	Net proceeds intended to be distributed according to the prospectus (HK\$ millions)	Unutilized net proceeds as of January 1, 2024 (HK\$ millions)	Actual use of proceeds during the Reporting Period (HK\$ millions)	Net proceeds unutilized during the Reporting Period (HK\$ millions)	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing new energy projects of upstream and downstream manufacturing industries, major expenditures including the payment used in purchase of tower production line equipment and related ancillary facilities, purchase of raw materials	73.9	73.9	—	73.9	To be utilized before end of 2025
For working capital and other general corporate purposes	59.1	59.1	51.4	7.7	To be utilized before end of 2026
Total	738.5	738.5	116.8	621.7	

Litigations and/or Legal Proceedings

Save as disclosed in this annual report, during the Reporting Period, the Company was not involved in any material legal proceeding which had material adverse effect on the Group.

Compliance with Laws and Regulations

During the Reporting Period, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

Key Relationships with the Group's Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and others are key to the Group's success. An account of the Company's key relationships with its investor, employees, customers and suppliers and others that have a significant impact on the Company is set out in the ESG report.

Audit Committee

The Audit Committee has reviewed, together with the management and auditor of the Company, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2024. The Audit Committee has reviewed the Group's financial controls, risk management and internal control systems.

Auditors

At the 2023 annual general meeting held by the Company on May 22, 2024, it was resolved to approve the change of auditors from Grant Thornton Hong Kong Limited to Grant Thornton (Special General Partnership) for the year 2024.

On behalf of the Board
Wang Limin
Chairman of the Board

Shanxi, the PRC, March 27, 2025

REPORT OF THE BOARD OF SUPERVISORS

Report of the Board of Supervisors

In 2024, the Board of Supervisors, adhered to the principle of being responsible for all Shareholders of the Company, fulfilled its duties conferred by the Articles of Association conscientiously, rigorously, diligently and effectively, strictly in accordance with the Company Law, the Articles of Association and the Rules of Procedure of the Board of Supervisors and other relevant regulations. It upheld the working principles of legal compliance, scientificity and effectiveness, and comprehensively promoted standardized daily operations. The Board of Supervisors carried out various in-depth supervision based on actual conditions and continuously strengthened its own organization, making positive contributions to effectively safeguarding the legitimate rights and interests of Shareholders and promoting stable operation and high-quality development of the Company. The work of the Board of Supervisors for the year 2024 is reported as follows:

1. Operation of the Board of Supervisors and Supervisory Performance in 2024

(i) *Convening of meetings of the Board of Supervisors in 2024*

In 2024, the Company convened three meetings of the Board of Supervisors and considered 11 matters. The attendance, deliberations and procedures of the meetings of the Board of Supervisors were in compliance with the relevant provisions of the Rules of Procedure of the Board of Supervisors.

(ii) *Supervision of the Board of Directors and management in the performance of their duties*

In 2024, members of the Board of Supervisors attended 2 general meetings and 12 Board meetings in accordance with the regulations. By attending the above important meetings, effective supervision was carried out over the convening procedures and voting procedures of the meetings.

(iii) *Supervision of the Company's financial work*

In 2024, the Board of Supervisors carefully reviewed the financial reports issued by the accounting firm, and together with the operation and management situation as understood from the daily supervision, the members of the Board of Supervisors reviewed the decision-making and implementation of the Company's major financial matters, and the status of the Company's major financial indicators and operation targets, and put forward their opinions and suggestions for improvement by way of attending the Board meetings.

(iv) *Supervision of the Company's risk management and internal control*

In 2024, the Board of Supervisors continued to strengthen its supervision of the soundness and effectiveness of the Company's risk management and internal control system, reviewed the Company's annual risk and internal control report, and expressed its opinion on the report.

2. Change of Supervisors

On May 22 2024, Cao Haiyang resigned as a supervisor of the Company for personal reasons.

On May 22 2024, the Company convened its 2023 AGM, at which Yan Lei was elected as a shareholders' representative supervisor of the first session of the Board of Supervisors, whose term of office shall commence on the date of resolution passed at the general meeting and end on the date of expiry of the term of the first session of the Board of Supervisors of the Company.

3. Supervisors' Performance of Duties in 2024

All members of the Board of Supervisors strictly complied with the provisions of the Company Law, the Listing Rules, the Articles of Association and the Rules of Procedure of the Board of Supervisors in their work in 2024, and performed their duties as Supervisors in accordance with the law and in a diligent and efficient manner:

- (1) attended the meetings of the Board of Supervisors on time in accordance with the regulations, earnestly participated in the consideration and voting on the resolutions, actively expressed opinions and promoted the Board of Supervisors to effectively perform their supervisory functions;
- (2) attended the general meeting of Shareholders in accordance with the law;
- (3) actively attended the Board of Directors' meetings, earnestly studied issues and actively made suggestions and recommendations in the performance of the supervisory duties in respect of business management decisions;
- (4) actively participated in the construction of the Board of Supervisors and continuously improved their professional abilities to perform duties through training and study; and
- (5) maintained good communication and collaboration with the Board, management and other members of the Board of Supervisors, served the overall development of the Company, effectively safeguarded the legitimate rights and interests of Shareholders and stakeholders, and made positive contributions to the sustainable and healthy development of the Company.

INDEPENDENT AUDITOR'S REPORT



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Zhi Tong Shen Zi (2025) No. 140A008773

To the members of Shanxi Installation Group Co., Ltd.

I. Audit Opinion

We have audited the financial statements of Shanxi Installation Group Co., Ltd. (hereunder "Shanxi Installation"), which comprise the consolidated and company balance sheet as at December 31, 2024, and the consolidated and company income statement, the consolidated and company statement of cash flows, the consolidated and company statement of changes in shareholders' equity for 2024, and notes to the relevant financial statements.

In our opinion, the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and give a fair view of the consolidated and company financial position of Shanxi Installation as at December 31, 2024, as well as the consolidated and company operating results and cash flow for 2024.

II. Basis for Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the section headed "Certified Accountant's Responsibilities for the Audit of the Financial Statements" of the audit report. We are independent of Shanxi Installation in accordance with the Code of Professional Ethics for PRC Certified Accountants, and we have fulfilled our other responsibilities for professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

III. Key Audit Matters (continued)

(I) Recognition of revenue from construction contracts

For details of relevant information disclosure, please refer to note III.24 and note V.41 to the financial statements.

1. Description

Shanxi Installation mainly sources its revenue from construction business (specialized industrial construction, specialized auxiliary construction and other construction). In 2024, Shanxi Installation realized revenue from construction business of RMB11,260,046,000, accounting for 91.97% of its operating revenue. Since the construction services provided by Shanxi Installation belong to a contractual obligation fulfilled within a period of time, the management of Shanxi Installation (hereunder referred to as the management) makes reasonable estimation for the expected total revenue and the expected total costs based on the contract budget of construction projects to determine the performance progress, and makes continuous assessment and amendments in the course of contract performance. The determination of performance progress mainly relies on the material estimation and judgement of the management. As such, we identify the recognition of revenue from construction contracts as a key audit matter.

2. Addressing in audit

We have mainly implemented the following audit procedures for the recognition of revenue from construction contracts:

- (1) Understand, evaluate and test the effectiveness of the design and operation of key internal control related to construction business;
- (2) Obtain and examine construction contracts for material projects, understand the key terms of major contracts, assess the reasonableness of the management's identification of individual contractual obligation and value sharing, the estimation of expected total revenue, and the appropriateness of the method of revenue recognition;
- (3) Randomly select construction projects to check whether the expected total revenue and expected total costs are consistent with the construction contracts and cost budgets on which they are based, and evaluate whether the estimates made by the management are reasonable and the basis is sufficient;
- (4) Randomly examine the actual costs incurred, and examine relevant supporting evidences;
- (5) Randomly select construction projects to recalculate the performance progress at the end of the period, and verify the accuracy of recognition data;
- (6) Conduct analysis procedures on the change of gross profit margin for material construction contracts;

III. Key Audit Matters (continued)

(I) Recognition of revenue from construction contracts (continued)

2. Addressing in audit (continued)

- (7) Randomly select material construction projects, coupled with the confirmation letter for receivables, confirm with major customers on the amount of completed construction at the end of the period, so as to confirm the truthfulness and completeness of revenue from construction contracts;
- (8) Randomly select material construction projects, undergo on-site inspection for the physical progress of the construction, inquire construction management departments, and make comparison with the performance progress as recorded in books. For differences, we would get an understanding for their reasons and make further examination;
- (9) Conduct sampling tests on the performance costs incurred during the year, verify supporting documents such as purchase contracts, materials receipts and labor cost record, and conduct cut-off tests for performance costs.

(II) Expected credit loss for receivables and impairment provision for contract assets

For details of relevant information disclosure, please refer to note III.10 and 35 and note V.3 and 8 of note V. Notes on Items in the Consolidated Financial Statements.

1. Description

As at the end of 2024, Shanxi Installation had receivables and contract assets with carrying amount of RMB6,404,345,000 and RMB11,153,421,000, and the bad debt provision and assets impairment provision were RMB443,672,000 and RMB146,873,000, respectively. Expected credit loss for receivables and impairment provision for contract assets involve the use of material accounting estimation and professional judgement by the management, which have a significant impact on the financial statements. As such, we identify expected credit loss for receivables and impairment provision for contract assets as a key audit matter.

2. Addressing in audit

We have mainly implemented the following audit procedures for expected credit loss for receivables and impairment provision for contract assets:

- (1) Understand, evaluate and test the effectiveness of the design and operation of key internal control related to expected credit loss for receivables and impairment provision for contract assets;
- (2) Obtain and re-examine the credit risk mix and the impairment matrix model for bad debt provision for receivables classified by the management based on credit risk characteristics, and analyze their reasonableness;
- (3) Examine relevant considerations and objective evidences for the evaluation of the expected credit loss for receivables and impairment provision for contract assets by the management, and recalculate the expected credit loss ratio at the end of the period determined by the management;

III. Key Audit Matters (continued)

(II) Expected credit loss for receivables and impairment provision for contract assets (continued)

2. Addressing in audit (continued)

- (4) For receivables which are provided for expected credit loss on an individual basis, select samples to verify the basis and reasonableness of the management's evaluation on the cash flow estimated to be obtained in the future based on customers' financial position or creditability, historical payment rate and forecast for future economic conditions;
- (5) Obtain the ageing analysis statements for receivables as at the reporting date from the management, and verify the accuracy of the classification of the ages of receivables;
- (6) Examine the recovery of receivables subsequent to the period and relevant documentary record, and evaluate the sufficiency of expected credit loss.

IV. Other Information

The management is responsible for the other information. The other information comprises the information included in the 2024 annual report of Shanxi Installation, but does not include the financial statements and our audit report. The other information is expected to be provided to us subsequent to the date of the audit report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Coupled with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

After we read the other information included in 2024 annual report, in case we confirm there is any material misstatement, the audit standards require us to communicate with the governing body and adopt appropriate measures thereon.

V. Responsibilities of the Management and the Governing Body for the Financial Statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Shanxi Installation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Shanxi Installation or to cease operations, or have no realistic alternative but to do so.

The governing body is responsible for overseeing Shanxi Installation's financial reporting process.

VI. Certified Accountant's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following works:

- (1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, make a conclusion on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shanxi Installation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the audit standards to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit information evidence obtained up to the date of the audit report. However, future events or conditions may cause Shanxi Installation to cease to continue as a going concern.
- (5) evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Shanxi Installation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

VI. Certified Accountant's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the governing body regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governing body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, relevant preventive measures.

From the matters communicated with the governing body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton
(Special General Partnership)

PRC Certified Accountant
(Project Partner)

Song Xiaomin

PRC Certified Accountant

Zheng Liyou

Beijing, China

March 27, 2025

CONSOLIDATED AND COMPANY BALANCE SHEET

December 31, 2024

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	Closing balance		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash	V.1	2,626,837,462.00	2,082,374,722.06	2,636,545,894.09	2,080,826,894.49
Tradable financial assets		—	—	—	—
Bill receivables	V.2	126,061,472.18	125,732,023.99	213,877,541.21	212,709,003.21
Trade receivables	V.3, XIV.1	5,960,673,351.87	5,367,027,496.56	6,442,835,802.71	5,797,219,894.18
Receivables financing	V.4	69,252,401.61	55,525,544.75	43,078,164.13	42,848,164.13
Prepayments	V.5	517,668,776.20	204,644,744.57	558,168,298.77	187,799,889.75
Other receivables	V.6, XIV.2	751,414,297.65	1,785,832,795.17	789,058,221.07	1,802,965,564.91
Including: Interest receivables		—	—	—	—
Dividend receivables		1,522,570.83	21,522,570.83	1,011,775.60	1,011,755.60
Inventories	V.7	298,113,168.01	266,850,794.19	188,237,154.15	148,926,177.45
Including: Data resources		—	—	—	—
Contract assets	V.8, XIV.3	6,425,844,009.60	6,275,306,578.61	5,665,721,160.08	5,381,384,238.78
Assets held for sale		—	—	—	—
Non-current assets due within one year		—	—	—	—
Other current assets	V.9	413,563,390.14	148,233,660.59	522,856,050.58	277,824,164.29
Total current assets		17,189,428,329.26	16,311,528,360.49	17,060,378,286.79	15,932,503,991.19
Non-current assets:					
Investments in debentures		—	—	—	—
Investments in other debentures		—	—	—	—
Long-term receivables		—	—	—	—
Long-term equity investments	V.10, XIV.4	210,244,610.95	1,483,468,960.47	195,103,976.85	1,412,478,326.37
Investments in other equity instruments	V.11	147,831,516.62	147,831,516.62	142,526,344.51	142,526,344.51
Other non-current financial assets		—	—	—	—
Investment properties	V.12	187,722,100.00	187,722,100.00	186,805,415.00	186,805,415.00
Fixed assets	V.13	1,077,794,009.03	151,274,238.22	835,139,676.35	189,104,367.96
Construction-in-progress	V.14	203,907,121.63	—	413,231,580.47	—
Productive biological assets		—	—	—	—
Oil and gas assets		—	—	—	—
Right-of-use assets	V.15	153,118,557.33	36,117,773.02	170,943,139.21	45,967,436.38
Intangible assets	V.16	174,677,486.47	64,368,916.36	178,308,587.56	65,253,786.38
Including: Data resources		170,283.02	—	—	—
Development expenditures		—	—	—	—
Including: Data resources		—	—	—	—
Goodwill	V.17	15,000,000.00	—	15,000,000.00	—
Long-term deferred expenses	V.18	192,979.40	66,666.54	2,276,666.55	2,276,666.55
Deferred income tax assets	V.19	179,492,147.10	90,563,185.30	163,788,332.82	76,844,127.89
Other non-current assets	V.20	4,584,751,722.91	888,245,463.70	4,158,929,326.61	615,273,277.07
Total non-current assets		6,934,732,251.44	3,049,658,820.23	6,462,053,045.93	2,736,529,748.11
Total assets		24,124,160,580.70	19,361,187,180.72	23,522,431,332.72	18,669,033,739.30

Consolidated and Company Balance Sheet

December 31, 2024

Item	Notes	Closing balance		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term borrowings	V.22	2,400,646,241.06	2,188,853,881.15	2,443,118,301.63	2,073,465,709.85
Tradable financial liabilities		—	—	—	—
Bill payables	V.23	1,888,382,526.60	2,028,382,526.60	1,374,330,000.00	1,694,330,000.00
Trade payables	V.24	9,492,423,111.77	9,175,877,910.13	9,019,828,710.74	8,511,962,367.13
Receipt in advance		—	—	—	—
Contract liabilities	V.25	1,357,030,564.22	1,375,331,159.97	1,382,429,350.94	1,403,931,445.24
Employee remuneration payables	V.26	82,075,337.11	76,418,201.37	80,203,843.21	74,918,372.27
Tax payables	V.27	57,554,398.37	18,874,396.50	64,854,364.40	18,844,151.85
Other payables	V.28	583,394,306.39	671,294,007.09	893,936,981.42	899,666,977.05
Including: Interest payables		—	—	—	—
Dividend payables		71,677,949.99	71,677,949.99	71,677,949.99	71,677,949.99
Liabilities held for sale		—	—	—	—
Non-current liabilities due within one year	V.29	767,872,789.57	500,325,426.23	748,417,051.16	513,103,072.83
Other current liabilities	V.30	872,590,928.18	815,651,437.01	999,255,007.10	960,165,048.89
Total current liabilities		17,501,970,203.27	16,851,008,946.05	17,006,373,610.60	16,150,387,145.11
Non-current liabilities:					
Long-term borrowings	V.31	2,970,909,063.45	308,506,438.50	3,072,086,262.06	331,734,274.54
Bonds payables		—	—	—	—
Lease liabilities	V.32	140,083,987.45	26,192,043.80	157,408,087.11	34,867,312.80
Long-term payables		—	—	—	—
Long-term employee remuneration payables	V.33	30,280,000.00	30,280,000.00	28,790,000.00	28,790,000.00
Estimated liabilities		—	—	—	—
Deferred income	V.34	26,999,933.80	—	21,562,500.00	—
Deferred income tax liabilities	V.19	110,561,551.29	24,637,406.53	110,406,471.64	25,181,577.45
Other non-current liabilities		—	—	—	—
Total non-current liabilities		3,278,834,535.99	389,615,888.83	3,390,253,320.81	420,573,164.79
Total liabilities		20,780,804,739.26	17,240,624,834.88	20,396,626,931.41	16,570,960,309.90

Consolidated and Company Balance Sheet

December 31, 2024

Item	Notes	Closing balance		Balance at the end of last year	
		Consolidated	Company	Consolidated	Company
Equity of shareholders:					
Share capital	V.35	1,373,486,000.00	1,373,486,000.00	1,373,486,000.00	1,373,486,000.00
Capital reserve	V.36	650,866,502.02	620,056,664.91	650,866,502.02	620,056,664.91
Less: Treasury shares		—	—	—	—
Other comprehensive income	V.37	84,512,142.55	82,435,660.22	82,249,277.12	81,156,263.93
Special reserve	V.38	2,835,098.42	1,809,380.78	751,358.26	—
Surplus reserve	V.39	12,369,726.75	12,369,726.75	10,061,343.87	10,061,343.87
Undistributed profit	V.40	640,148,089.99	30,404,913.18	492,728,479.07	13,313,156.69
Total equity attributable to shareholders of the parent company		2,764,217,559.73	2,120,562,345.84	2,610,142,960.34	2,098,073,429.40
Minority interests		579,138,281.71	—	515,661,440.97	—
Total equity of shareholders		3,343,355,841.44	2,120,562,345.84	3,125,804,401.31	2,098,073,429.40
Total liabilities and equity of shareholders		24,124,160,580.70	19,361,187,180.72	23,522,431,332.72	18,669,033,739.30

Legal representative of the Company: Wang Limin

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

CONSOLIDATED AND COMPANY INCOME STATEMENT

2024

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
I. Operating revenue	V.41, XIV.5	12,242,889,448.36	11,261,312,769.02	10,971,108,528.83	10,185,166,502.34
Less: Operating costs	V.41, XIV.5	10,722,489,851.54	10,023,060,388.29	9,571,883,999.59	9,027,342,462.35
Taxes and surcharges	V.42	30,891,658.84	24,407,498.59	35,842,477.63	25,773,254.46
Selling expenses	V.43	1,308,992.07	—	1,453,182.81	—
Management expenses	V.44	470,465,235.05	401,023,657.45	516,640,026.89	455,658,661.16
Research and development expenses	V.45	593,405,582.32	559,537,629.41	443,204,725.96	398,889,200.24
Finance expenses	V.46	102,349,031.32	173,681,052.62	96,426,161.19	179,311,576.94
Including: Interest expenses	V.46	344,380,827.52	204,062,719.62	336,637,572.09	208,437,878.54
Interest income	V.46	244,653,996.64	32,502,630.27	240,836,022.09	29,033,924.85
Add: Other gains	V.47	9,221,659.27	4,521,135.40	11,378,541.41	3,075,816.00
Investment gains (losses are expressed in “—”)	V.48, XIV.6	-2,646,704.03	17,353,295.97	4,570,728.12	4,570,728.12
Including: Gains on investment in associates and joint ventures		-2,646,704.03	-2,646,704.03	4,382,357.01	4,382,357.01
Derecognized income from financial assets at amortized costs (losses are expressed in “—”)		—	—	—	—
Hedging income from net exposure (losses are expressed in “—”)		—	—	—	—
Gains on change of fair value (losses are expressed in “—”)	V.49	916,685.00	916,685.00	685,621.00	685,621.00
Credit impairment losses (losses are expressed in “—”)	V.50	-77,194,720.35	-72,142,388.51	-77,654,600.96	-76,398,670.85
Asset impairment losses (losses are expressed in “—”)	V.51	-27,735,562.40	-21,817,637.36	-9,992,662.15	-4,918,045.79
Gains on disposal of assets (losses are expressed in “—”)	V.52	1,388,068.65	1,388,068.65	3,611,240.19	2,559,658.12

Consolidated and Company Income Statement

2024

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
II. Operating profit (losses are expressed in "-")		225,928,523.36	9,821,701.81	238,256,822.37	27,766,453.79
Add: Non-operating revenue	V.53	15,050.00	5,030.00	1,398,606.00	1,388,606.00
Less: Non-operating expenses	V.54	1,191,168.85	150,748.37	14,532,159.35	14,451,391.72
III. Total profit (total losses are expressed in "-")		224,752,404.51	9,675,983.44	225,123,269.02	14,703,668.07
Less: Income tax expenses	V.55	15,219,373.94	-13,407,845.38	19,565,903.14	1,061,952.65
IV. Net profit (net losses are expressed in "-")		209,533,030.57	23,083,828.82	205,557,365.88	13,641,715.42
(I) Classified by operating continuity:					
Including: Net profit from continuing operations (net loss is expressed in "-")		209,533,030.57	23,083,828.82	205,557,365.88	13,641,715.42
Net profit from discontinued operations (net loss is expressed in "-")		—	—	—	—
(II) Classified by ownership:					
Including: Net profit attributable to shareholders of the parent company (net loss is expressed in "-")		153,411,683.25	23,083,828.82	154,941,692.85	13,641,715.42
Minority interests (net loss is expressed in "-")		56,121,347.32	—	50,615,673.03	—

Consolidated and Company Income Statement

2024

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
V. Other comprehensive income, net of tax		2,262,865.43	1,279,396.29	2,522,874.87	2,875,689.02
Other comprehensive income attributable to shareholders of the parent company, net of tax		2,262,865.43	1,279,396.29	2,522,874.87	2,875,689.02
(I) Other comprehensive income that cannot be reclassified into profit or loss		1,279,396.29	1,279,396.29	2,875,689.02	2,875,689.02
1. Changes in remeasurement of defined benefit plan		-3,230,000.00	-3,230,000.00	-280,500.00	-280,500.00
2. Other comprehensive income that cannot be transferred to profit or loss under equity method		—	—	—	—
3. Fair value change of investment in other equity instruments		4,509,396.29	4,509,396.29	3,156,189.02	3,156,189.02
4. Fair value change of the enterprise's own credit risks		—	—	—	—
5. Others		—	—	—	—
(II) Other comprehensive income that will be reclassified into profit or loss		983,469.14	—	-352,814.15	—
1. Other comprehensive income that can be transferred to profit or loss under equity method		—	—	—	—
2. Fair value change of investment in other debentures		—	—	—	—
3. Amount of financial assets reclassified into other comprehensive income		—	—	—	—
4. Credit impairment provision for investment in other debentures		—	—	—	—
5. Reserve for cash flow hedge		—	—	—	—
6. Translation differences on financial statements of foreign currencies		983,469.14	—	-352,814.15	—
Other comprehensive income attributable to minority shareholders, net of tax		—	—	—	—

Consolidated and Company Income Statement

2024

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
VI. Total comprehensive income		211,795,896.00	24,363,225.11	208,080,240.75	16,517,404.44
Total comprehensive income attributable to shareholders of the parent company		155,674,548.68	24,363,225.11	157,464,567.72	16,517,404.44
Total comprehensive income attributable to minority shareholders		56,121,347.32	—	50,615,673.03	—
VII. Earnings per share					
(I) Basic earnings per share		0.11	—	0.15	—
(II) Diluted earnings per share		—	—	—	—

Legal representative of the Company: Wang Limin

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

2024

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities:					
Cash received from sale of goods and rendering of services		11,749,804,671.50	10,982,374,374.35	11,710,867,385.90	9,533,279,439.02
Refund of taxes and levies received		—	—	—	—
Cash received relating to other operating activities	V.56	2,690,379,698.48	2,262,280,990.88	4,109,070,545.69	2,796,598,806.39
Sub-total of cash inflow from operating activities		14,440,184,369.98	13,244,655,365.23	15,819,937,931.59	12,329,878,245.41
Cash paid for purchase of goods and receipt of services		10,804,144,829.37	10,239,241,500.34	11,665,672,360.94	10,120,709,581.66
Cash paid to and on behalf of employees		620,922,048.63	531,531,315.14	619,033,342.89	538,299,546.81
Payments for taxes and levies		214,427,005.79	143,810,176.37	243,942,196.78	156,433,372.42
Cash paid relating to other operating activities	V.56	2,415,222,715.61	2,288,749,092.14	2,779,730,919.13	1,804,619,621.82
Sub-total of cash outflow from operating activities		14,054,716,599.40	13,203,332,083.99	15,308,378,819.74	12,620,062,122.71
Net cash flows from operating activities		385,467,770.58	41,323,281.24	511,559,111.85	-290,183,877.30

Consolidated and Company Statement of Cash Flows

2024

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
II. Cash flows from investing activities:					
Cash received from recovery of investments		—	—	—	—
Cash received from returns on investments		1,701,866.64	1,701,866.64	25,710,917.75	86,221.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		76,200.00	76,200.00	284,612.34	94,612.34
Net cash received from disposal of subsidiaries and other business units		—	—	—	—
Cash received relating to other investing activities		—	—	—	—
Sub-total of cash inflow from investing activities		1,778,066.64	1,778,066.64	25,995,530.09	180,834.31
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		68,865,451.89	3,564,128.20	768,456,256.89	2,799,388.94
Cash paid for investments		20,000,000.00	75,850,000.00	8,303,760.00	152,051,760.00
Net cash paid for acquiring subsidiaries and other business units		—	—	—	—
Cash paid relating to other investing activities		—	—	—	—
Sub-total of cash outflow from investing activities		88,865,451.89	79,414,128.20	776,760,016.89	154,851,148.94
Net cash flows from investing activities		-87,087,385.25	-77,636,061.56	-750,764,486.80	-154,670,314.63

Consolidated and Company Statement of Cash Flows

2024

Item	Notes	Amount for the period		Amount for the last period	
		Consolidated	Company	Consolidated	Company
III. Cash flows from financing activities:					
Cash received from capital contribution		14,370,000.00	—	756,481,394.78	715,039,794.78
Including: Cash received by subsidiaries from capital contribution of minority shareholders		14,370,000.00	—	41,441,600.00	—
Cash received from borrowings		3,887,462,679.67	3,354,229,580.88	3,509,597,948.49	2,397,793,355.64
Cash received relating to other financing activities		—	—	—	—
Sub-total of cash inflow from financing activities		3,901,832,679.67	3,354,229,580.88	4,266,079,343.27	3,112,833,150.42
Cash paid for repayment of debts		3,723,018,780.37	2,981,405,039.54	2,958,424,599.48	1,688,978,794.33
Cash paid for distribution of dividends and profits or payment of interest		347,184,215.98	205,159,745.94	342,568,457.59	209,259,202.48
Including: Dividends and profits paid by subsidiaries to minority shareholders		—	—	—	—
Cash paid relating to other financing activities	V.56	19,340,723.03	9,847,766.31	16,610,210.79	7,513,457.84
Sub-total of cash outflow from financing activities		4,089,543,719.38	3,196,412,551.79	3,317,603,267.86	1,905,751,454.65
Net cash flows from financing activities		-187,711,039.71	157,817,029.09	948,476,075.41	1,207,081,695.77
IV. Effect of exchange rate changes on cash and cash equivalents					
		10,645.28	—	—	—
V. Net increase in cash and cash equivalents					
Add: Cash and cash equivalents at the beginning of period		110,679,990.90	121,504,248.77	709,270,700.46	762,227,503.84
		2,090,162,557.78	1,538,308,707.97	1,380,891,857.32	776,081,204.13
VI. Cash and cash equivalents at the end of period					
		2,200,842,548.68	1,659,812,956.74	2,090,162,557.78	1,538,308,707.97

Legal representative of the Company: Wang Limin

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2024

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Amount for the period								
	Equity attributable to shareholders of the parent company								
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interest	Total shareholders' equity
I. Balance at the end of last year	1,373,486,000.00	650,866,502.02	—	82,249,277.12	751,358.26	10,061,343.87	492,728,479.07	515,661,440.97	3,125,804,401.31
Add: Changes in accounting policies	—	—	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—	—	—
Business combination under common control	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,373,486,000.00	650,866,502.02	—	82,249,277.12	751,358.26	10,061,343.87	492,728,479.07	515,661,440.97	3,125,804,401.31
III. Increase/decrease during the year (decrease is expressed in "-")	—	—	—	2,262,865.43	2,083,740.16	2,308,382.88	147,419,610.92	63,476,840.74	217,551,440.13
(I) Total comprehensive income	—	—	—	2,262,865.43	—	—	153,411,683.25	56,121,347.32	211,795,896.00
(II) Capital contribution and reduction by shareholders	—	—	—	—	—	—	—	6,370,000.00	6,370,000.00
1. Ordinary shares from shareholders	—	—	—	—	—	—	—	6,370,000.00	6,370,000.00
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	—	2,308,382.88	-5,992,072.33	—	-3,683,689.45
1. Withdrawal from surplus reserve	—	—	—	—	—	2,308,382.88	-2,308,382.88	—	—
2. Appropriation to shareholders	—	—	—	—	—	—	-3,683,689.45	—	-3,683,689.45
3. Others	—	—	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—	—	—
3. Making up losses	—	—	—	—	—	—	—	—	—
4. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—
5. Others	—	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	2,083,740.16	—	—	985,493.42	3,069,233.58
1. Withdrawn during the period	—	—	—	—	228,287,426.81	—	—	2,183,690.36	230,471,117.17
2. Utilized during the period	—	—	—	—	-226,203,686.65	—	—	-1,198,196.94	-227,401,883.59
(VI) Others	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,373,486,000.00	650,866,502.02	—	84,512,142.55	2,835,098.42	12,369,726.75	640,148,089.99	579,138,281.71	3,343,355,841.44

Consolidated Statement of Changes in Shareholders' Equity

2024

Item	Amount for the last period								
	Equity attributable to shareholders of the parent company								Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Minority interest	
I. Balance at the end of last year	1,000,000,000.00	309,312,707.24	—	79,726,402.25	—	8,697,172.33	411,580,266.01	423,604,167.94	2,232,920,715.77
Add: Changes in accounting policies	—	—	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—	—	—
Business combination under common control	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,000,000,000.00	309,312,707.24	—	79,726,402.25	—	8,697,172.33	411,580,266.01	423,604,167.94	2,232,920,715.77
III. Increase/decrease during the year (decrease is expressed in "-")	373,486,000.00	341,553,794.78	—	2,522,874.87	751,358.26	1,364,171.54	81,148,213.06	92,057,273.03	892,883,685.54
(I) Total comprehensive income	—	—	—	2,522,874.87	—	—	154,941,692.85	50,615,673.03	208,080,240.75
(II) Capital contribution and reduction by shareholders	373,486,000.00	341,553,794.78	—	—	—	—	—	41,441,600.00	756,481,394.78
1. Ordinary shares from shareholders	373,486,000.00	341,553,794.78	—	—	—	—	—	41,441,600.00	756,481,394.78
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	—	1,364,171.54	-73,042,121.53	—	-71,677,949.99
1. Withdrawal from surplus reserve	—	—	—	—	—	1,364,171.54	-1,364,171.54	—	—
2. Appropriation to shareholders	—	—	—	—	—	—	-71,677,949.99	—	-71,677,949.99
3. Others	—	—	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—	—	—
3. Making up losses	—	—	—	—	—	—	—	—	—
4. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—
5. Others	—	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	751,358.26	—	-751,358.26	—	—
1. Withdrawn during the period	—	—	—	—	197,313,965.43	—	-197,313,965.43	—	—
2. Utilized during the period	—	—	—	—	-196,562,607.17	—	196,562,607.17	—	—
(VI) Others	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,373,486,000.00	650,866,502.02	—	82,249,277.12	751,358.26	10,061,343.87	492,728,479.07	515,661,440.97	3,125,804,401.31

Legal representative of the Company: Wang Limin

Person in charge of the accounting organization of the Company: Zhou Saimei

Person in charge of accounting work in the Company: Xue Bowen

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

2024

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Amount for the period							Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of last year	1,373,486,000.00	620,056,664.91	—	81,156,263.93	—	10,061,343.87	13,313,156.69	2,098,073,429.40
Add: Changes in accounting policies	—	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,373,486,000.00	620,056,664.91	—	81,156,263.93	—	10,061,343.87	13,313,156.69	2,098,073,429.40
III. Increase/decrease during the year (decrease is expressed in "-")	—	—	—	1,279,396.29	1,809,380.78	2,308,382.88	17,091,756.49	22,488,916.44
(I) Total comprehensive income	—	—	—	1,279,396.29	—	—	23,083,828.82	24,363,225.11
(II) Capital contribution and reduction by shareholders	—	—	—	—	—	—	—	—
1. Ordinary shares from shareholders	—	—	—	—	—	—	—	—
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	—	2,308,382.88	-5,992,072.33	-3,683,689.45
1. Withdrawal from surplus reserve	—	—	—	—	—	2,308,382.88	-2,308,382.88	—
2. Appropriation to shareholders	—	—	—	—	—	—	-3,683,689.45	-3,683,689.45
3. Others	—	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—	—
3. Making up losses	—	—	—	—	—	—	—	—
4. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—
5. Others	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	1,809,380.78	—	—	1,809,380.78
1. Withdrawn during the period	—	—	—	—	223,040,060.16	—	—	223,040,060.16
2. Utilized during the period	—	—	—	—	-221,230,679.38	—	—	-221,230,679.38
(VI) Others	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,373,486,000.00	620,056,664.91	—	82,435,660.22	1,809,380.78	12,369,726.75	30,404,913.18	2,120,562,345.84

Statement of Changes in Shareholders' Equity of the Company

2024

Item	Amount for the last period							Total shareholders' equity
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of last year	1,000,000,000.00	278,502,870.13	—	78,280,574.91	—	8,697,172.33	72,713,562.80	1,438,194,180.17
Add: Changes in accounting policies	—	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,000,000,000.00	278,502,870.13	—	78,280,574.91	—	8,697,172.33	72,713,562.80	1,438,194,180.17
III. Increase/decrease during the year (decrease is expressed in "-")	373,486,000.00	341,553,794.78	—	2,875,689.02	—	1,364,171.54	-59,400,406.11	659,879,249.23
(I) Total comprehensive income	—	—	—	2,875,689.02	—	—	13,641,715.42	16,517,404.44
(II) Capital contribution and reduction by shareholders	373,486,000.00	341,553,794.78	—	—	—	—	—	715,039,794.78
1. Ordinary shares from shareholders	373,486,000.00	341,553,794.78	—	—	—	—	—	715,039,794.78
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	—	1,364,171.54	-73,042,121.53	-71,677,949.99
1. Withdrawal from surplus reserve	—	—	—	—	—	1,364,171.54	-1,364,171.54	—
2. Appropriation to shareholders	—	—	—	—	—	—	-71,677,949.99	-71,677,949.99
3. Others	—	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—	—
3. Making up losses	—	—	—	—	—	—	—	—
4. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—
5. Others	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—	—
1. Withdrawn during the period	—	—	—	—	190,540,700.50	—	—	190,540,700.50
2. Utilized during the period	—	—	—	—	-190,540,700.50	—	—	-190,540,700.50
(VI) Others	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,373,486,000.00	620,056,664.91	—	81,156,263.93	—	10,061,343.87	13,313,156.69	2,098,073,429.40

Legal representative of the Company: Wang Limin

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

I. BASIC INFORMATION OF THE COMPANY

Shanxi Installation Group Co., Ltd. (hereinafter referred to as the “Company”), whose predecessor was Shanxi Industrial Equipment Installation Group Co., Ltd.* (山西省工業設備安裝集團有限公司), and was previously named as Shanxi Industrial Equipment Installation Co., Ltd.* (山西省工業設備安裝有限公司), was established in November 1989. In August 2021, the Company was converted into a joint stock company. After the conversion, the Company became a wholly-owned subsidiary of Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) (hereinafter referred to as “Shanxi CIG”) and was approved and registered by the Shanxi Provincial Administration for Market Regulation. The business license registration number for corporate legal person is 140000100001146. The registered capital and paid-up capital is RMB1,000,000,000.00.

On September 2, 2021, Shanxi CIG transferred 2% of its equity in the Company (20,000,000 shares) to Shanghai Rongda Investment Management Co., Ltd.* (上海榮大投資管理有限公司) at nil consideration.

In November 2023, the Company issued 373,486,000 shares of stock (H shares) to overseas investors on the Main Board of Hong Kong Stock Exchange, with the stock abbreviation “SHANXI INSTALL” and stock code “02520”. After the completion of the aforementioned issuance, the total share capital increased to RMB1,373,486,000.00.

The registered address of the Company is No. 8, Xinhua Road, Tanghuai Industrial Park, Shanxi Transformation Comprehensive Reform Demonstration Zone, with the Unified Social Credit ID of 91140000110011149W.

The industry in which the Company operates: construction industry. The Company is principally engaged in the following businesses: specialized industrial construction contracting, specialized auxiliary construction contracting, other construction contracting, and non-construction businesses.

The direct holding company of the Company is Shanxi Construction Investment Group Co., Ltd.*, the ultimate holding company of the Company is Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司), and the ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province (山西省人民政府國有資產監督管理委員會).

The financial statements and notes to the financial statements were approved by the resolution of the 40th meeting of the first session of the Board of the Company on March 27, 2025.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company had been preparing its overseas financial statements in accordance with the International Financial Reporting Standards since the date on which the H Shares of the Company became listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”). In order to further enhance efficiency, reduce disclosure costs, and align with the interests of the Company and Shareholders as a whole, as approved by the resolution of the 2023 annual general meeting held by the Company on May 22, 2024, starting from the 2024 half-yearly financial report and interim results, the Company adopted the China Accounting Standards for Business Enterprises for the preparation of financial statements and relevant financial information, and disclosed the same in the PRC and Hong Kong markets. For details, please refer to the Company’s announcement, circular, and poll results announcement dated April 30, 2024 and May 22, 2024, respectively.

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II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

In addition, the Company discloses relevant financial information in accordance with the Hong Kong Stock Exchange's Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In the course of preparation of the historical financial information, given the Company's gearing ratio as at December 31, 2024 was 86.14% and the working capital was RMB312,542,000, the directors of the Company took into consideration its future liquidity. This indicates such position may constitute a significant doubt on the going concern of the Company.

The directors of the Company have considered the following factors before making evaluation, and are of the view that the Company could operate on an ongoing concern at least within the next twelve months upon the end of the reporting period, and has sufficient financial resources to support its prevailing business operation and perform its financial obligations when due.

- (1) Upon evaluating the Company's current and expected cash position, the Company is expected to generate sufficient cash flow for the next twelve months upon the end of the reporting period.
- (2) The Company has confirmed with Shanxi CIG that Shanxi CIG will, within twelve months upon the end of the reporting period, continue to provide financial support to the Company when necessary.
- (3) Pursuant to certain conditions, the Company has unutilized credit limit of RMB8.2 billion as at December 31, 2024. It may refinance and/or convert certain short-term borrowings into long-term borrowings, and also consider other financing sources, if applicable.

Accordingly, these financial statements are presented on a going concern basis.

The Company's accounting is based on the accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on a historical cost basis. If assets become impaired, corresponding impairment provisions shall be made in accordance with relevant regulations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Pursuant to its production and operation characteristics, the Company determines the policies for recognizing depreciation of fixed assets, amortization of intangible assets, capitalization criteria for research and development expenses and revenue. For details of accounting policies, please refer to notes III.15, III.18, III.19 and III.24.

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truthfully and completely reflect the consolidated and company financial positions of the Company as at December 31, 2024, as well as the consolidated and company operating results and consolidated and company cash flows for 2024.

2. Accounting Period

The Company's accounting period follows the Gregorian calendar year, which starts on January 1 and ends on December 31 each year.

3. Business Cycle

The Company's business cycle covers 12 months.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Accounting Currency

The Company and its domestic subsidiaries adopt Renminbi as the accounting currency. Overseas subsidiaries of the Company adopt the currency of the primary economic environment in which they operate as their accounting currency. The currency adopted by the Company in preparing these financial statements is Renminbi.

5. Accounting Treatment for Business Combinations Under and Not Under Common Control

(1) *Business combinations under common control*

For business combinations under common control, the assets and liabilities of the combined party acquired by the combining party in the combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. Adjustment is made to the capital reserve for the difference between the book value of the consideration for the combination and the book value of the net assets acquired in the combination. Retained earnings are adjusted in case of insufficient capital reserve.

Business combinations under common control through multiple transactions

In the individual financial statements, the initial investment cost of the investment is calculated based on the share of the net assets of the combined party at book value in the consolidated financial statements of the ultimate controlling party on the combination date according to the shareholding ratio on the combination; adjustment is made to the capital reserve for the difference between the initial investment cost and the sum of the book value of the investment held before the combination and the book value of the new consideration paid on the combination date. Retained earnings are adjusted in case of insufficient capital reserve.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the combination are measured at the book value in the consolidated financial statements of the ultimate controlling party on the combination date; adjustment is made to the capital reserve for the difference between the sum of the book value of the investment held before the combination and the book value of the new consideration paid on the combination date, and the book value of the net assets acquired in the combination. Retained earnings are adjusted in case of insufficient capital reserve. For the long-term equity investment held by the combining party before obtaining control of the combined party, from the later of the date of acquiring the original equity or the date when the combining party and the combined party are under the same ultimate control to the combination date, any recognized gains and losses, other comprehensive income and other changes in owners' equity should be offset against the retained earnings at the beginning of the comparative reporting period or the profit or loss for the period, respectively.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Accounting Treatment for Business Combinations Under and Not Under Common Control (continued)

(2) *Business combinations not under common control*

For business combinations not under common control, the cost of combination is the fair value of the assets given, liabilities incurred or assumed, and equity securities issued to gain control over the acquiree on the acquisition date. On the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are recognized at fair value.

The excess of the cost of combination over the fair value of the identifiable net assets of the acquiree acquired in the combination is recognized as goodwill and subsequently measured at cost less accumulated impairment provision; where the cost of combination is less than the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized in profit or loss for the period after verification.

Business combinations not under common control through multiple transactions

In the individual financial statements, the initial investment cost of the investment is the sum of the book value of the equity investment held in the acquiree before the acquisition date and the additional investment cost on the acquisition date. For other comprehensive income recognized as a result of equity accounting of the equity investment held before the acquisition date, such other comprehensive income is not accounted for on the acquisition date. The accounting treatment adopted when disposing of the investment will be on the same basis as the direct disposal of related assets or liabilities by the investee. Owners' equity recognized as a result of changes in other owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to current profit or loss during the disposal period when the investment is disposed of. For the equity investment held before the acquisition date that is measured at fair value, the accumulated fair value changes originally included in other comprehensive income are transferred to retained earnings when remeasured at cost.

In the consolidated financial statements, the cost of combination is the sum of the consideration paid on the acquisition date and the acquisition-date fair value of the equity interest held in the acquiree before the acquisition date. For the equity interest held in the acquiree before the acquisition date, it is remeasured at its fair value on the acquisition date, with the difference between the fair value and its book value included in the current investment income; the equity interest held in the acquiree before the acquisition date involving other comprehensive income and changes in other owners' equity is transferred to current income on the acquisition date, except for other comprehensive income arising from changes in net liabilities or net assets due to the remeasurement of the investee's defined benefit plans.

(3) *Treatment of transaction costs in business combination*

The intermediary costs for audit, legal services, evaluation consultation and others incurred for business combination as well as other related administration costs are recorded in current profit and loss when incurred. The transaction costs of equity securities or debt securities issued as consideration of combination are included in the initially recognized amount of the equity securities or debt securities.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Judgement Criteria for Control and Preparation of Consolidated Financial Statements

(1) *Judgement criteria for control*

The scope of consolidation for the consolidated financial statements is determined based on control. Control refers to the power that the Company has over the investee, whereby it enjoys variable returns through participation in the investee's relevant activities and is able to use its power over the investee to affect its return. Once the relevant facts and situation which alters the elements that define control change, the Company shall perform re-evaluation.

In determining whether to include a structured entity in the scope of consolidation, the Company takes into account all the facts and circumstances, including assessing the purpose and design of the structured entity, identifying the types of variable returns, and whether it has borne some or all of the variability of returns through participation in its related activities, and evaluate whether there is control over such structured entity on such basis.

(2) *Preparation of consolidated financial statements*

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries and are prepared by the Company according to other relevant information. When preparing the consolidated financial statements, the accounting policies and accounting periods of the Company and its subsidiaries shall be consistent, and the significant inter-company transactions and balances shall be eliminated.

During the reporting period, subsidiaries and businesses added as a result of business combinations under common control are deemed to be included in the Company's scope of consolidation from the date they are controlled by the same ultimate controller. Their operating results and cash flows from the date they are controlled by the same ultimate controller are included in the consolidated income statement and consolidated statement of cash flows, respectively.

During the reporting period, the income, expenses and profits of the subsidiaries and businesses added as a result of business combinations not under common control from the acquisition date to the end of the reporting period are included in the consolidated income statement, and their cash flows are included in the consolidated statement of cash flows.

Shareholders' equity of a subsidiary not attributable to the Company is presented separately as minority interest under shareholders' equity in the consolidated balance sheet; the share of a subsidiary's net profit or loss attributable to minority interest for the period is presented as "profit or loss of minority interest" under net profit in the consolidated income statement. Where minority shareholders' share of loss of a subsidiary exceeds their share of owners' equity in the subsidiary at the beginning of the period, the balance is still offset against minority interest.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Judgement Criteria for Control and Preparation of Consolidated Financial Statements (continued)

(3) *Purchase of minority interest of subsidiaries*

Adjustment is made to the capital reserve in the consolidated balance sheet for the difference between the cost of long-term equity investment newly acquired by purchasing minority interest and the share of net assets of the subsidiary calculated continuously from the acquisition date or combination date according to the increased shareholding ratio, and the difference between the proceeds from disposal obtained by partially disposing of equity investment in a subsidiary without losing control and the share of net assets of the subsidiary calculated continuously from the acquisition date or combination date corresponding to the disposed long-term equity investment. Retained earnings are adjusted in case of insufficient capital reserve.

(4) *Treatment of loss of control of subsidiaries*

If control over an original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity will be remeasured at its fair value on the date control is lost; the sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, minus the sum of the share of the book value of net assets and the goodwill of the original subsidiary calculated continuously from the acquisition date based on the original shareholding ratio, will be included in the investment income for the period in which control is lost.

Other comprehensive income related to equity investments in the original subsidiary is accounted by adopting the same basis as the direct disposal of relevant assets or liabilities by the original subsidiary upon loss of control. Change in other owners' equity related to the original subsidiary involving calculation under the equity method is transferred to the current profit or loss upon loss of control.

(5) *Treatment of disposal of equity in stages until loss of control*

If the terms, conditions and economic impacts of multiple transactions involving the disposal of equity in stages until loss of control meet one or more of the following conditions, the Company will account for the transactions as a package transaction:

- ① These transactions are made simultaneously or considering their mutual impact;
- ② Only when these transactions are considered as a whole can achieve a complete business result;
- ③ The occurrence of one transaction is subject to the occurrence of at least one other transaction;
- ④ A single transaction is uneconomical, but it is economical when considered together with other transactions.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Judgement Criteria for Control and Preparation of Consolidated Financial Statements (continued)

(5) *Treatment of disposal of equity in stages until loss of control (continued)*

When disposing of equity in stages until loss of control, the measurement of the remaining equity and the accounting for the gains and losses related to the disposal of equity are handled in accordance with "Treatment of loss of control of subsidiaries" above. The difference between the proceeds from each disposal before the loss of control and the corresponding share of the book value of net assets of the subsidiary calculated continuously from the acquisition date is accounted for as follows:

- ① In the case of "a package transaction", it is recognized as other comprehensive income. It is transferred altogether to profit or loss for the period when control is lost.
- ② If not "a package transaction", it is included in the capital reserve as an equity transaction. It shall not be transferred to profit or loss for the period when control is lost.

7. Classification of Joint Arrangements and Accounting Treatment for Joint Operations

A joint arrangement refers to an arrangement jointly controlled by two or more parties. The Company's joint arrangements are classified into joint operations and joint ventures.

(1) *Joint operation*

Joint operation refers to a joint arrangement where the Company enjoys the related assets and assumes the related liabilities of the arrangement.

The Company recognizes the following items related to the share of benefits in joint operations and accounts for them in accordance with the relevant requirements of the Accounting Standards for Business Enterprises:

- A. It recognizes the assets held individually and the jointly held assets according to its share;
- B. It recognizes the liabilities assumed individually and the jointly assumed liabilities according to its share;
- C. It recognizes the revenue generated from the sale of its share of output of the joint operation;
- D. It recognizes the joint operation's revenue generated from the sale of output according to its share;
- E. It recognizes the expenses incurred individually and the expenses incurred by the joint operation according to its share.

(2) *Joint venture*

A joint venture refers to a joint arrangement in which the Company only has rights to the net assets of the arrangement.

The Company accounts for investments in joint ventures according to the requirements of the equity method of accounting for long-term equity investments.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Recognition Criteria for Cash and Cash Equivalents

Cash refers to cash on hand and deposits readily available for payment. Cash equivalents refer to short-term, highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Foreign Currency Business and Foreign Currency Statement Translation

(1) *Foreign currency business*

The Company conducts foreign currency businesses, which are translated to its accounting currency at the spot exchange rate on the transaction date.

On the balance sheet date, monetary items denominated in foreign currencies are translated using the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at initial recognition or on the previous balance sheet date are included in profit or loss for the period. Non-monetary items denominated in foreign currencies measured at historical cost are translated using the spot exchange rate on the transaction date. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. The difference between the translated amount in the accounting currency and the amount in the original accounting currency is included in profit or loss or other comprehensive income for the period, depending on the nature of the non-monetary item.

(2) *Foreign currency financial statement translation*

On the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the asset and liability items in the balance sheet are translated at the spot exchange rate on the balance sheet date, and the shareholders' equity items, except for "undistributed profit", are translated at the spot exchange rate on the date they are incurred.

The income and expense items in the income statement are translated using the spot exchange rate on the transaction date.

All items in the statement of cash flows are translated at the spot exchange rate on the date the cash flows are incurred. The effect of exchange rate changes on cash is separately presented in the statement of cash flows under "effect of exchange rate changes on cash and cash equivalents" as an adjustment item.

The difference arising from the translation of financial statements is reflected under "other comprehensive income" in the shareholders' equity section of the balance sheet.

When disposing of overseas operations and losing control, the foreign currency statement translation differences related to the overseas operations presented under shareholders' equity in the balance sheet are transferred to profit or loss in the period the disposal occurs in whole or in proportion to the disposal of such overseas operations.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments

Financial instruments refer to contracts that create financial assets for one party and financial liabilities or equity instruments for another party.

(1) Recognition and derecognition of financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

Derecognition of financial assets occurs if one of the following conditions is met:

- ① The contractual rights to receive the cash flows from the financial asset have terminated;
- ② The financial asset has been transferred and meets the derecognition conditions for the transfer of financial assets below.

If the current obligation of the financial liability has been fully or partially discharged, the financial liability or part of it is derecognized. Where the Company (debtor) and the creditor have entered into an agreement to replace existing financial liabilities with new financial liabilities and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities are derecognized and the new financial liabilities are recognized simultaneously.

Regular way purchases and sales of financial assets are recognized and derecognized on the transaction date.

(2) Classification and measurement of financial assets

The Company classifies financial assets into the following three categories at initial recognition based on the business model for managing the financial assets and the characteristics of the contractual cash flows of the financial assets: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

Financial assets measured at amortized cost

The Company classifies financial assets that meet the following conditions and are not designated as financial assets measured at fair value through profit or loss as financial assets measured at amortized cost:

- The business model of the Company for managing the financial asset aims to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that the cash flows on a specific date are solely for the payment of principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are measured at amortized cost using the effective interest method. Gains or losses arising from financial assets measured at amortized cost and not being part of any hedging relationship are recognized in profit or loss when derecognized, amortized using the effective interest method or impairment is recognized.

Financial assets measured at fair value through other comprehensive income

The Company classifies financial assets that meet the following conditions and are not designated as financial assets measured at fair value through profit or loss as financial assets measured at fair value through other comprehensive income:

- The business model of the Company for managing the financial asset aims both to collect contractual cash flows and to sell the financial asset;

The contractual terms of the financial asset stipulate that the cash flows on a specific date are solely for the payment of principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are included in profit or loss, while other gains or losses are included in other comprehensive income for the period. Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in profit or loss for the period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

Financial assets measured at fair value through profit or loss

Except for the financial assets measured at amortized cost and those measured at fair value through other comprehensive income above, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At initial recognition, to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates certain financial assets that would otherwise be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

After initial recognition, such financial assets are subsequently measured at fair value, with gains or losses (including interest and dividend income) included in profit or loss for the period, unless the financial asset is part of a hedging relationship.

However, for non-trading equity instrument investments, the Company irrevocably designates them as financial assets measured at fair value through other comprehensive income at initial recognition. The designation is made based on individual investments and the relevant investments meet the definition of equity instruments from the issuer's perspective.

After initial recognition, such financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, other gains or losses and changes in fair value are included in other comprehensive income. Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the source of cash flows from the financial assets managed by the Company is to receive contractual cash flows, sell the financial assets, or both. The Company determines the business model for managing financial assets based on objective facts and the specific business objectives decided by key management personnel for managing financial assets.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

Financial assets measured at fair value through profit or loss (continued)

The Company evaluates the characteristics of contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely for the payment of principal and interest based on the outstanding principal amount. In particular, principal refers to the fair value of financial assets at initial recognition; interest includes the time value of money, credit risk associated with the outstanding principal amount for a specific period, and consideration for other basic lending risks, costs, and profits. In addition, the Company evaluates the contractual terms that may lead to changes in the timing or amount of contractual cash flows of financial assets to determine whether they meet the characteristics of contractual cash flows above.

Reclassification of financial assets is only performed on the first day of the first reporting period after the Company has changed the business model for managing financial assets. Otherwise, financial assets may not be reclassified after initial recognition.

(3) *Classification and measurement of financial liabilities*

The financial liabilities of the Company are classified at initial recognition as: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. For financial liabilities not designated as measured at fair value through profit or loss, the related transaction costs are included in the amount initially recognized.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and financial liabilities designated as measured at fair value through profit or loss at initial recognition. Such financial liabilities are subsequently measured at fair value, with gains or losses arising from changes in fair value as well as dividends and interest expenses related to these financial liabilities are included in profit or loss for the period.

Financial liabilities measured at amortized cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gains or losses arising from derecognition or amortization included in profit or loss for the period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(3) *Classification and measurement of financial liabilities (continued)*

Financial guarantee contracts

Financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined using the expected credit loss model and the balance of the initial recognition amount less cumulative amortization.

Differences between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① The contractual obligation to deliver cash or other financial assets to another party.
- ② The contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.
- ③ Non-derivative contracts that will or may be settled in the future using the company's own equity instruments, and the company will deliver a variable number of its own equity instruments according to the contract.
- ④ Derivative contracts that will or may be settled in the future using the company's own equity instruments, except for derivative contracts that exchange a fixed number of the company's own equity instruments for a fixed amount of cash or other financial assets.

Equity instruments refer to contracts that can prove ownership of the residual equity in the assets of a company after deducting all liabilities.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, then the contractual obligation meets the definition of a financial liability.

If a financial instrument must or may be settled using the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used for settling the instrument are substitutes for cash or other financial assets, or they are to allow the holder of the instrument to enjoy the residual equity in the issuer's assets after deducting all liabilities. If it is the former, the instrument is the Company's financial liability; if it is the latter, the instrument is the Company's equity instrument.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(4) *Derivative financial instruments and embedded derivatives*

The Company's derivative financial instruments are initially measured at fair value on the date the derivative transaction contract is executed, and subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset, while those with a negative fair value are recognized as a liability. Any gain or loss arising from changes in fair value that do not meet hedge accounting requirements is directly recognized in profit or loss for the period.

For hybrid instruments containing embedded derivatives, such as those where the principal contract is a financial asset, the hybrid instrument as a whole is subject to the relevant requirements for the classification of financial assets. If the principal contract is not a financial asset, the hybrid instrument is not measured at fair value through profit or loss, the embedded derivative is not closely related to the principal contract in terms of economic characteristics and risks, and a standalone instrument with the same conditions as the embedded derivative meets the definition of a derivative, the embedded derivative is separated from the hybrid instrument and treated as a standalone derivative financial instrument. If it is not possible to separately measure the embedded derivative at the time of acquisition or on subsequent balance sheet dates, the entire hybrid instrument is designated as a financial asset or financial liability measured at fair value through profit or loss.

(5) *Fair value of financial instruments*

The methods for determining the fair value of financial assets and financial liabilities are detailed in Note 11.

(6) *Impairment of financial assets*

The Company, based on expected credit losses, provides for impairment and recognizes loss provisions for the following items:

- Financial assets measured at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income;
- Contract assets under Accounting Standards for Business Enterprises No. 14 — Revenue;
- Lease receivables;
- Financial guarantee contracts (except for those measured at fair value through profit or loss, the transfer of financial assets that does not meet the derecognition criteria or those arising from continued involvement in the transferred financial assets).

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(6) *Impairment of financial assets (continued)*

Measurement of expected credit losses

Expected credit losses refer to the weighted average of credit losses on financial instruments, weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable by the Company according to the contract, discounted at the original effective interest rate, and all expected cash flows to be received, which is the present value of the total cash shortfall.

The Company considers reasonable and justifiable information regarding past events, current situations and forecasts of future economic conditions. It calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows that are expected to be received, weighted by the risk of default, to recognize expected credit losses.

The Company measures the expected credit losses of financial instruments at different stages separately. Financial instruments that have not experienced a significant increase in credit risk since initial recognition are in the first stage. The Company measures the loss allowance based on the expected credit losses over the next 12 months. Financial instruments that have experienced a significant increase in credit risk since initial recognition but have not yet incurred credit impairment are in the second stage. The Company measures the loss allowance based on the expected credit losses over the entire lifetime of the instrument. Financial instruments that have incurred credit impairment since initial recognition are in the third stage. The Company measures the loss allowance based on the expected credit losses over the entire lifetime of the instrument.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that their credit risk has not significantly increased since initial recognition and measures the loss allowance based on the expected credit losses over the next 12 months.

Lifetime expected credit losses refer to the expected credit losses caused by all possible default events during the entire expected lifetime of the financial instrument. 12-month expected credit losses refer to the expected credit losses caused by the default events of the financial instrument that may occur within 12 months after the balance sheet date (or the expected lifetime if the financial instrument's expected lifetime is less than 12 months). It is part of the expected credit losses for the entire lifetime.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(6) *Impairment of financial assets (continued)*

Measurement of expected credit losses (continued)

When measuring expected credit losses, the longest period the Company needs to consider is the maximum contractual period during which the enterprise is exposed to credit risk (including considering renewal options).

The Company calculates interest income for financial instruments in the first and second stages as well as those with lower credit risk based on their carrying amount before impairment provision and the effective interest rate. For financial instruments in the third stage, interest income is calculated based on the amortized cost after deducting the impairment provision from the carrying amount and the effective interest rate.

Bill receivables, trade receivables and contract assets

For bill receivables, trade receivables and contract assets, regardless of whether there is a significant financing component, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses.

When it is not possible to evaluate the expected credit loss information of a single financial asset at a reasonable cost, the Company groups bill receivables and trade receivables based on credit risk characteristics. The expected credit losses are calculated on a group basis. The bases for determining the groups are as follows:

- A. Bill receivables
 - Bill receivables group 1: bank acceptance bills
 - Bill receivables group 2: commercial acceptance bills
- B. Trade receivables
 - Trade receivables group: age group

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(6) *Impairment of financial assets (continued)*

Bill receivables, trade receivables and contract assets (continued)

C. Contract assets

- Contract assets group 1: contract assets of service concession projects
- Contract assets group 2: contract assets of EPC projects

For the grouped bill receivables and contract assets, the Company calculates the expected credit losses based on the exposure to default risk and the lifetime expected credit loss rate with reference to historical credit loss experience and combined with current situations and forecasts of future economic conditions.

For the grouped trade receivables, the Company estimates the lifetime expected credit loss rate and makes provisions for bad debts based on aging analysis with reference to historical credit loss experience and combined with current situations and forecasts of future economic conditions.

Other receivables

Based on the characteristics of credit risk, the Company classifies other receivables into several groups. The expected credit losses are calculated on a group basis. The bases for determining the groups are as follows:

- Other receivables group 1: group of reserve funds, deposits and margins receivable
- Other receivables group 2: group of receivables from related parties within the scope of consolidation
- Others receivables group 3: age group

For the grouped other receivables, the Company calculates the expected credit losses based on the exposure to default risk and the 12-month or lifetime expected credit loss rate.

Debt investments, other debt investments

For debt investments and other debt investments, the Company calculates the expected credit losses based on the exposure to default risk and the 12-month or lifetime expected credit loss rate according to the nature of the investment, the types of counterparties and risk exposures.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(6) *Impairment of financial assets (continued)*

Assessment of significant increase in credit risk

The Company determines the relative change in the risk of default over the expected lifetime of financial instruments by comparing the risk of default on the balance sheet date with the risk of default on the initial recognition date to assess whether the credit risk of financial instruments has significantly increased since initial recognition.

When determining whether the credit risk has significantly increased since initial recognition, the Company considers reasonable and justifiable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:

- Debtor's failure to pay the principal and interest on the contract due date;
- Serious deterioration of the external or internal credit ratings (if any) of financial instruments that has occurred or is expected;
- Serious deterioration of the debtor's operating results that has occurred or is expected;
- The existing or anticipated changes in technology, market, economic or legal environment that will have a significant adverse impact on the debtor's ability to repay the Company.

According to the nature of the financial instruments, the Company assesses whether the credit risk has significantly increased on an individual or group basis. When assessing based on a group of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has significantly increased.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(6) *Impairment of financial assets (continued)*

Credit-impaired financial assets

The Company assesses whether there has been any credit impairment on financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income on the balance sheet date. When one or more events that have an adverse impact on the expected future cash flows of a financial asset occur, the financial asset becomes a credit-impaired financial asset. Evidence of credit impairment of financial assets includes the following observable information:

- The issuer or debtor is experiencing significant financial difficulties;
- The debtor breaches the contract, such as defaulting on or delaying the payment of interest or principal;
- The Company grants concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties, which would not be made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The issuer or debtor's financial difficulties have led to the disappearance of the active market for the financial asset.

Reporting of expected credit loss provisions

To reflect the changes in the credit risk of financial instruments after initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase in or reversal of loss provisions shall be included in profit or loss for the period as impairment losses or gains. For financial assets measured at amortized cost, the loss provisions are charged to the carrying amount of the financial asset presented in the balance sheet; for debt investments measured at fair value through other comprehensive income, the Company recognizes the loss provisions in other comprehensive income without charging to the carrying amount of the financial asset.

Write-off

If the Company no longer reasonably expects to recover all or part of the contractual cash flows of a financial asset, it will directly write down the carrying amount of the financial asset. This write-down constitutes the derecognition of the related financial asset. This situation generally occurs when the Company determines that the debtor has no assets or income sources to generate sufficient cash flow to repay the amount to be written down. However, according to the Company's procedure for recovering due payments, the written-down financial assets may still be subject to enforcement activities.

The previously written-down financial assets, once recovered, are recognized as a reversal of impairment loss and included in profit or loss for the period of recovery.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(7) *Transfer of financial assets*

Transfer of financial assets refers to the assignment or delivery of financial assets to a party (the transferee) other than the issuer of the financial assets.

The Company derecognizes the financial asset if substantially all of the risks and rewards of ownership of the financial asset have been transferred to the transferee; it does not derecognize the financial asset if it retains substantially all of the risks and rewards of ownership of the financial asset.

If the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it is accounted for as follows: if control over the financial asset is relinquished, it derecognizes the financial asset and recognizes the assets and liabilities incurred; if control over the financial asset is not relinquished, it recognizes the relevant financial asset to the extent of the Company's continuing involvement in the transferred financial asset and recognizes the corresponding liability.

(8) *Offsetting of financial assets and financial liabilities*

When the Company has the legal right to offset recognized financial assets and financial liabilities, is currently able to enforce such legal right, and plans to settle them on a net basis or simultaneously realize the financial assets and settle the financial liabilities, the financial assets and financial liabilities are presented in the balance sheet at the offset amount. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting against each other.

11. Fair Value Measurement

Fair value refers to the price that a market participant would receive for selling an asset or would pay for transferring a liability in an orderly transaction on the measurement date.

The Company measures relevant assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities takes place in the principal market for the relevant assets or liabilities; if there is no principal market, the Company assumes that the transaction takes place in the most favorable market for the relevant assets or liabilities. The principal market (or the most favorable market) is the trading market to which the Company has access on the measurement date. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability.

For financial assets or financial liabilities that have an active market, the Company uses quotes from the active market to determine their fair value. If there is no active market for the financial instruments, the Company uses valuation techniques to determine their fair value.

For non-financial assets measured at fair value, the ability of market participants to generate economic benefits by putting the assets to the best use or by selling the assets to other market participants who can put them to the best use is considered.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Fair Value Measurement (continued)

The Company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information, prioritizing the use of relevant observable inputs. Unobservable inputs are used only when observable inputs are unavailable or impractical to obtain.

For the assets and liabilities measured or disclosed at fair value in the financial statements, the fair value level to which they belong is determined based on the lowest level input that is significant to the overall fair value measurement: level 1 inputs are unadjusted quotes in an active market for identical assets or liabilities that can be obtained on the measurement date; level 2 inputs are inputs other than those in level 1 that are observable for the relevant assets or liabilities, either directly or indirectly; level 3 inputs are unobservable inputs for the relevant assets or liabilities.

On each balance sheet date, the Company reassesses the assets and liabilities continued to be measured at fair value in the financial statements to determine whether there have been transfers between the levels of fair value measurement.

12. Inventory

(1) *Inventory classification*

The Company's inventory is divided into raw materials, inventory goods, turnover materials and contract performance costs, measured at the lower of cost and net realizable value; turnover materials include low-value consumables and packaging materials.

(2) *Pricing of inventory delivered*

The Company's inventory is valued at actual cost upon acquisition. Raw materials and inventory goods are valued using the weighted average method when delivered.

(3) *Basis for determining net realizable value of inventory and provision for inventory impairment*

The net realizable value of inventory is the amount after deducting the estimated costs to complete, estimated selling expenses and related taxes from the estimated selling price of the inventory. The net realizable value of inventory is determined based on the conclusive evidence obtained, consideration is also given to the purpose of holding the inventory and the impact of events after the balance sheet date.

On the balance sheet date, if the cost of inventory is higher than its net realizable value, a provision for inventory impairment is made. The Company generally makes provisions for inventory impairment based on individual inventory items. On the balance sheet date, if the factors that previously caused the inventory value to be written down have disappeared, the provision for inventory impairment will be reversed within the amount originally provided.

(4) *Inventory system*

The Company adopts a perpetual inventory system.

(5) *Amortization of low-value consumables*

The Company adopts the one-time write-off method for the amortization of low-value consumables when consumed.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates. Investees over which the Company can exert significant influence are associates of the Company.

(1) *Determination of initial investment cost*

Long-term equity investments that constitute business combinations: for long-term equity investments obtained through business combinations under common control, the investment costs are the share of carrying amount of the owners' equity interest of the acquiree obtained in the consolidated financial statements of the ultimate controlling party on the combination date; for long-term equity investments obtained through business combinations not under common control, the investment costs of the long-term equity investments are the combination costs.

For long-term equity investments obtained through other methods: for long-term equity investments obtained by cash, the initial investment costs are the actual purchase price paid; for long-term equity investments obtained by issuing equity securities, the initial investment costs are the fair value of the equity securities issued.

(2) *Subsequent measurement and recognition of profit or loss*

Investments in subsidiaries are accounted for using the cost method, unless the investments meet the criteria for being held for sale; investments in associates and joint ventures are accounted for using the equity method.

For long-term equity investments accounted for using the cost method, except for the cash dividends or profits declared but not yet distributed included in the actual price or consideration paid at the time of investment, the cash dividends or profits declared and distributed by the investee are recognized as investment income and included in profit or loss for the period.

For long-term equity investments accounted for using the equity method, if the initial investment cost is greater than the share of fair value of the identifiable net assets of the investee at the time of investment, the investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the share of fair value of the identifiable net assets of the investee at the time of investment, the carrying amount of the long-term equity investment is adjusted, with the difference included in profit or loss for the period of the investment.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments (continued)

(2) *Subsequent measurement and recognition of profit or loss (continued)*

When using the equity method of accounting, investment income and other comprehensive income are recognized based on the share of net profit or loss and other comprehensive income realized by the investee, respectively, and the carrying amount of the long-term equity investment is adjusted accordingly; the carrying amount of the long-term equity investment is reduced accordingly based on the portion of profits or cash dividends declared and distributed by the investee; for other changes in owners' equity of the investee, other than net profit or loss, other comprehensive income and profit distribution, the carrying amount of the long-term equity investment is adjusted and included in the capital reserve (other capital reserve). When recognizing the share of net profit or loss of the investee, the net profit of the investee is adjusted based on the fair value of the identifiable assets of the investee at the time of investment according to the Company's accounting policies and accounting period.

If significant influence or joint control over the investee without constituting control is realized due to reasons such as additional investment, on the conversion date, the initial investment cost accounted for under the equity method instead shall be the sum of the fair value of the original equity and the cost of the new investment. If the original equity is classified as an investment in non-trading equity instruments measured at fair value through other comprehensive income, the cumulative fair value changes originally included in other comprehensive income in relation to it are transferred to retained earnings when accounted for using the equity method instead.

If loss of joint control or significant influence over the investee is realized due to reasons such as disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments instead on the date of losing joint control or significant influence, and the difference between the fair value and the carrying amount shall be included in profit or loss for the period. Other comprehensive income recognized from original equity investment using the equity method is accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is no longer used; other changes in owners' equity related to the original equity investment are transferred to profit or loss for the period.

If loss of control over an investee is realized due to reasons such as disposal of part of the equity investment and the remaining equity after disposal enables joint control or significant influence over the investee, it shall be accounted for using the equity method instead, and the remaining equity shall be adjusted as if it had been accounted for using the equity method since acquisition. If the remaining equity after disposal does not enable joint control or significant influence over the investee, it shall be accounted for according to the relevant requirements of the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount on the date control is lost shall be included in profit or loss for the period.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments (continued)

(2) *Subsequent measurement and recognition of profit or loss (continued)*

If loss of control but joint control or significant influence over the investee is realized due to the decrease in the Company's shareholding ratio as a result of the increase in investment by other investors, the Company's share of the investee's increased net assets due to the capital increase is recognized according to the new shareholding ratio, and the difference between this and the original carrying amount of the long-term equity investment corresponding to the decrease in shareholding ratio is included in profit or loss for the period. Then, adjustment is made according to the new shareholding ratio as if the equity method had been adopted since the acquisition of the investment.

The unrealized profit or loss from internal transactions between the Company and its associates and joint ventures attributable to the Company based on the shareholding ratio is recognized as investment gains and losses on a net basis. However, the unrealized loss from internal transactions between the Company and the investee, which belongs to the impairment loss of the transferred assets, will not be offset.

(3) *Basis for determining joint control or significant influence over investee*

Joint control refers to the shared control over an arrangement according to relevant agreements, and the relevant activities of the arrangement must be decided with the unanimous consent of the parties sharing control. When determining whether joint control exists, the Company first determines whether the arrangement is collectively controlled by all parties involved or a group of parties involved, then determines whether decisions regarding the relevant activities of the arrangement must be unanimously agreed upon by the parties collectively controlling the arrangement. If all parties involved or a group of parties involved must act unanimously to decide on the relevant activities of a certain arrangement, it is considered that all parties involved or a group of parties involved collectively control the arrangement; if there are two or more groups of parties involved that can collectively control a certain arrangement, it does not constitute joint control. When determining whether joint control exists, protective rights enjoyed are not considered.

Significant influence refers to the power of the investor to participate in the financial and operating policy decisions of the investee, but not to control or jointly control the formulation of these policies with other parties. When determining whether significant influence can be exerted over the investee, the Company considers the voting shares directly or indirectly held by the investor in the investee and the impact of the exercisable potential voting rights held by the investor and other parties, assuming they are converted into equity of the investee. This includes the impact of currently convertible warrants, stock options and convertible bonds issued by the investee.

When the Company holds directly or indirectly through subsidiaries 20% or more but less than 50% of the voting shares of the investee, it is generally considered to have significant influence over the investee, unless there is clear evidence indicating that under such circumstances it cannot participate in the production and operation decisions of the investee, thus not constituting significant influence. When the Company holds less than 20% of the voting shares of the investee, it is generally not considered to have significant influence over the investee, unless there is clear evidence indicating that under such circumstances it can participate in the production and operation decisions of the investee, thus constituting significant influence.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments (continued)

(4) *Impairment test and impairment provision*

For investments in subsidiaries, associates and joint ventures, provision for asset impairment is detailed in Note 20.

14. Investment Properties

Investment property refers to real estate held to earn rental income or for capital appreciation, or both. The Company's investment properties include leased land use rights, land use rights held and prepared for transfer after appreciation and leased buildings.

The Company's investment properties are located in active real estate markets, and the Company is able to obtain market prices and other relevant information for similar or comparable properties from the real estate markets. Therefore, the Company can reasonably estimate the fair value of its investment properties. Consequently, the Company uses the fair value model for subsequent measurement of its investment properties, with changes in fair value recognized in profit or loss for the period.

When determining the fair value of investment properties, the Company refers to the current market prices of similar or comparable properties in active markets; if the current market prices of similar or comparable properties cannot be obtained, it refers to the recent transaction prices of similar or comparable properties in active markets and considers factors such as transaction conditions, transaction dates and location to make a reasonable estimate of the fair value of investment properties; or determines their fair value based on the present value of expected future rental income and related cash flows.

Income from the disposal of investment property through sale, transfer, scrapping or damage, after deducting its book value and related taxes and levies, is included in profit or loss for the period.

15. Fixed Assets

(1) *Recognition criteria for fixed assets*

Fixed assets of the Company refer to tangible assets held for the production of goods, provision of services, leasing or operational management with useful lives exceeding one accounting year.

Fixed assets may only be recognized when it is probable that the economic benefits associated with the fixed assets will flow to the enterprise and the costs of the fixed assets can be reliably measured.

The Company's fixed assets are initially measured at their actual costs at the time of acquisition.

Subsequent expenditures related to fixed assets are included in the costs of fixed assets when it is probable that the economic benefits associated with them will flow to the Company and their costs can be reliably measured; usual repair costs of fixed assets that do not meet the capitalization criteria for subsequent expenditures of fixed assets are included in profit or loss for the period or the costs of related assets when incurred according to the beneficiary objects. For the replaced parts, their book value is derecognized.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed Assets (continued)

(2) Depreciation of various fixed assets

The Company adopts the straight-line method for depreciation. Depreciation of fixed assets begins when they reach the intended usable state and stops when they are derecognized or classified as non-current assets held for sale. Without considering impairment provisions, the Company determines the annual depreciation rates for various fixed assets according to the types of fixed assets, estimated useful lives and estimated residual values as follows:

Type	Useful life (years)	Residual value rate %	Annual depreciation rate %
Contractual energy management	Term of contractual revenue		
Houses and buildings	2-30 years	4.00	48.00-3.20
Construction machinery	8 years	4.00	12.00
Transportation and production equipment	8-20 years	4.00	12.00-4.80
Office equipment and others	5 years	4.00	19.20

Among them, for fixed assets with impairment provisions, the accumulated amount of impairment provisions for fixed assets should also be deducted to determine the depreciation rate.

(3) The impairment test and the impairment provision for fixed assets are detailed in Note 20.

(4) At the end of each year, the Company reviews the useful lives, estimated net residual values and depreciation methods of fixed assets.

If there is a difference between the estimated useful life and the original estimate, the useful life of the fixed asset will be adjusted; if there is a difference between the estimated net residual value and the original estimate, the estimated net residual value will be adjusted.

(5) Disposal of fixed assets

When a fixed asset is disposed of or it is expected that no economic benefits will be generated through use or disposal, the fixed asset will be derecognized. Income from the disposal of fixed assets through sale, transfer, scrapping or damage, after deducting their book value and related taxes and levies, is included in profit or loss for the period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Construction in Progress

The Company's costs of construction in progress is determined based on the actual expenditure, including various necessary expenditures incurred during the construction period, borrowing costs to be capitalized before the construction reaches the intended usable state and other related expenses.

Construction in progress is transferred to fixed assets when it reaches the intended usable state.

Provision for asset impairment for construction in progress is detailed in Note 20.

17. Borrowing Costs

(1) *Recognition principles for capitalization of borrowing costs*

The borrowing costs incurred by the Company, which can be directly attributed to the purchase, construction or production of assets that are eligible for capitalization, shall be capitalized and included in the costs of the relevant assets; other borrowing costs shall be recognized as expenses based on the amounts incurred and included in profit or loss for the period in which they are incurred. Capitalization of borrowing costs begins when all of the following conditions are met:

- ① Asset expenditures have already been incurred, which include expenditures incurred in the form of cash payments, transfers of non-cash assets or assumption of interest-bearing liabilities for the purchase, construction or production of assets that are eligible for capitalization;
- ② Borrowing costs have already been incurred;
- ③ The purchase, construction or production activities necessary to bring the asset to its intended usable or saleable state have already commenced.

(2) *Capitalization period of borrowing costs*

When the assets purchased, constructed or produced by the Company that are eligible for capitalization reach the intended usable or saleable state, the borrowing costs will cease to be capitalized. Borrowing costs incurred after the assets that are eligible for capitalization reach the intended usable or saleable state are recognized as expenses based on the amounts incurred and included in profit or loss for the period in which they are incurred.

For assets that are eligible for capitalization, if there is an abnormal interruption during the purchase, construction or production process and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended; borrowing costs during normal interruptions shall continue to be capitalized.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Borrowing Costs (continued)

(3) Calculation of capitalization rate and capitalization amount of borrowing costs

The interest expenses of specific borrowings actually incurred during the period, less the interest income obtained from depositing the unused borrowed funds in the bank or the investment income obtained from temporary investments, are capitalized; general borrowings are capitalized based on the weighted average of the cumulative asset expenditures exceeding the asset expenditures of the specific borrowing multiplied by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange differences on specific foreign currency borrowings are fully capitalized; the exchange differences on general foreign currency borrowings are included in profit or loss for the period.

18. Intangible Assets

(1) Valuation of intangible assets

The Company's intangible assets include land use rights, concession rights, software, patents, data resources, etc.

Intangible assets are initially measured at cost and their useful lives are analyzed and determined at the time of acquisition. For intangible assets with finite useful lives, from the time they are available for use, they are amortized using a method that reflects the expected realization of economic benefits related to the assets over the estimated useful lives. If the expected realization cannot be reliably determined, the straight-line method is used for amortization. Intangible assets with indefinite useful lives are not amortized.

Intangible assets with finite useful lives are amortized as follows:

Type	Useful live	Amortization method	Remark
Land use right	The period set out in the land use rights certificate	Straight-line method	—
Concession right	The period set out in the concession right certificate	Straight-line method	—
Software	2	Straight-line method	—
Patent	10	Straight-line method	—
Data resources	10	Straight-line method	—

The Company reviews the useful lives and amortization methods of intangible assets with finite useful lives at the end of each year. If different from previous estimates, the original estimates are adjusted and treated as changes in accounting estimates.

If it is estimated on the balance sheet date that a certain intangible asset can no longer bring future economic benefits to the enterprise, the carrying amount of that intangible asset shall be fully transferred to profit or loss for the period.

Impairment provision of intangible assets is detailed in Note 20.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Intangible Assets (continued)

(2) *Bases for determining indefinite useful life*

When the Company is unable to foresee the period during which the asset will bring economic benefits to the Company or its useful life is uncertain, the intangible asset is determined to be an intangible asset with an indefinite useful life. The bases for determining an indefinite useful life are: it is derived from contractual rights or other statutory rights, but the contract or law does not specify a clear useful life; considering the industry situation or relevant expert arguments, it is still unable to determine the period during which the intangible asset will bring economic benefits to the Company.

At the end of each year, the useful lives of intangible assets with indefinite useful lives are reviewed, primarily using a bottom-up approach. A basic review is conducted by the relevant departments using the intangible assets to evaluate whether there are changes in the bases for determining the indefinite useful lives.

19. Research and Development Expenditures

The Company distinguishes the expenditures of internal research and development projects into research phase expenditures and development phase expenditures.

Research phase expenditures are recognized in profit or loss when incurred.

Development phase expenditures will only be capitalized if they meet all of the following conditions: it is technically feasible to complete the intangible asset for use or sale; there is an intention to complete and use or sell the intangible asset; the intangible asset will generate economic benefits, including demonstrating that there is a market for the products produced using the intangible asset or for the intangible asset itself, and if the intangible asset is to be used internally, its usefulness can be demonstrated; there are sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset; the expenditures attributable to the development phase of the intangible asset can be reliably measured. Development expenditures that do not meet the above conditions are included in profit or loss for the period.

After meeting the above conditions and passing the technical feasibility and economic feasibility studies to become a formal project, the Company's research and development project will enter the development phase.

Capitalized development phase expenditures are presented as development expenditures on the balance sheet and are transferred to intangible assets from the date the project reaches its intended use.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Asset Impairment

For the long-term equity investments in subsidiaries, associates and joint ventures, fixed assets, construction in progress, right-of-use assets, intangible assets and goodwill (excluding inventories, investment properties measured at fair value, deferred income tax assets and financial assets), the asset impairment is determined as follows:

On the balance sheet date, the Company determines whether there are indications of possible impairment of assets. If there are indications of impairment, the Company will estimate their recoverable amounts and conduct impairment tests. For goodwill arising from business combinations, intangible assets with indefinite useful lives and intangible assets not yet available for intended use, impairment tests are conducted annually regardless of whether there are indications of impairment.

The recoverable amount is determined as the higher of the net amount after deducting disposal costs from the fair value of the asset and the present value of the asset's expected future cash flows. The Company estimates the recoverable amount based on individual assets; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined based on the asset group. The identification of an asset group is based on whether the primary cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the Company will write down the carrying amount to the recoverable amount. The amount written down is included in profit or loss for the period, and a corresponding provision for asset impairment is made.

Regarding the impairment test on goodwill, the carrying amount of goodwill arising from business combinations is allocated to the relevant asset group using a reasonable method from the purchase date; if it is difficult to allocate to the relevant asset group, it is allocated to the relevant combination of asset groups. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of the business combination and is not greater than the reporting segment determined by the Company.

During an impairment test, if there are indications of impairment for an asset group or a combination of asset groups related to goodwill, the Company first performs an impairment test on the asset group or combination of asset groups that does not include goodwill, calculates the recoverable amount and recognizes the corresponding impairment loss. It then performs an impairment test on the asset group or combination of asset groups that includes goodwill, compares its carrying amount with the recoverable amount and, if the recoverable amount is lower than the carrying amount, recognizes the impairment loss of goodwill.

Once an asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Long-term Deferred Expenses

The long-term deferred expenses incurred by the Company are valued at actual cost and amortized evenly over the estimated benefit period. For long-term deferred expense items that cannot benefit future accounting periods, their residual value is fully recognized in profit or loss for the period.

22. Employee Remuneration

(1) *Scope of employee remuneration*

Employee remuneration refers to the various forms of remuneration or compensation given by an enterprise for obtaining the services provided by employees or for terminating the employment relationship. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by an enterprise to employees' spouses, children, dependents, deceased employees' survivors and other beneficiaries are also employee remuneration.

According to the liquidity, employee remuneration is presented separately on the balance sheet under "employee remuneration payables" and "long-term employee remuneration payables".

(2) *Short-term remuneration*

During the accounting period in which employees provide services, the Company recognizes the actual wages, bonuses, medical insurance premiums, work injury insurance premiums, maternity insurance premiums and other social insurance premiums and housing provident fund paid for employees according to the prescribed bases and ratios as liabilities and includes them in profit or loss for the period or related asset costs.

(3) *Post-employment benefits*

Post-employment benefit plans include defined contribution plans and defined benefit plans. Among them, a defined contribution plan refers to a post-employment benefit plan where, after making a fixed contribution to an independent fund, the enterprise no longer assumes further payment obligations; a defined benefit plan refers to a post-employment benefit plan other than defined contribution plans.

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance, etc.

During the accounting period in which employees provide services, the amounts payable calculated according to the defined contribution plans are recognized as liabilities and included in profit or loss for the period or related asset costs.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Employee Remuneration (continued)

(3) *Post-employment benefits (continued)*

Defined benefit plans

An actuarial valuation of a defined benefit plan is conducted by an independent actuary on the balance sheet date annually, and the cost of providing benefits is determined using the expected cumulative benefit unit method. The costs of employee remuneration resulting from the Company's defined benefit plans include the following components:

- ① Service costs, including current service costs, past service costs and settlement gains or losses. Among them, the current service costs refer to the increase in the present value of obligations under defined benefit plans due to the services provided by employees during the period; the past service costs refer to the increase or decrease in the present value of obligations under defined benefit plans related to employee services in previous periods due to modifications to defined benefit plans.
- ② Net interest on defined benefit plans' net liabilities or net assets, including interest income on plan assets, interest expenses on obligations under defined benefit plans and interest affected by asset limit.
- ③ Changes arising from remeasurement of net liabilities or net assets of defined benefit plans.

Unless other accounting standards require or permit the costs of employee benefits to be included in asset costs, the Company includes items ① and ② above in profit or loss for the period and includes item ③ in other comprehensive income and will not reclassify it to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the equity component previously included in other comprehensive income is fully transferred to undistributed profits.

(4) *Termination benefits*

Where termination benefits are provided to employees, the Company recognizes liabilities of employee remuneration arising from termination benefits at the earlier of the following two dates and includes them in profit or loss for the period: when the Company can no longer unilaterally withdraw the termination benefits provided due to a plan to terminate employment or a layoff proposal; when the Company recognizes the costs or expenses related to restructuring involving the payment of termination benefits.

Where an internal retirement plan for employees is implemented, the economic compensation before the official retirement date is considered as termination benefits. The wages and social insurance premiums intended to be paid to internally retired employees from the date they stop providing services to the normal retirement date are included in profit or loss for the period in a lump sum. Economic compensation after the official retirement date (such as normal retirement pension) is accounted for as post-employment benefits.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Employee Remuneration (continued)

(5) Other long-term benefits

Other long-term employee benefits provided by the Company that qualify as defined contribution plans are accounted for according to the requirements in relation to defined contribution plans above. If the benefits qualify as defined benefit plans, they are accounted for according to the requirements in relation to defined benefit plans above, but the “changes arising from remeasurement of net liabilities or net assets of defined benefit plans” component of the related employee remuneration costs is included in profit or loss for the period or related asset costs.

23. Provisions

If the obligation related to contingencies meets all of the following conditions, the Company will recognize it as provision:

- (1) The obligation is a current obligation undertaken by the Company;
- (2) The performance of the obligation is likely to result in an outflow of economic benefits from the Company;
- (3) The amount of the obligation can be reliably measured.

Provisions are initially measured at the best estimate of the expenditure required to settle the current obligation, taking into account factors such as the risks, uncertainties and time value of money related to the contingencies. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows. The Company reviews the carrying amount of provisions on the balance sheet date and adjusts the carrying amount to reflect the current best estimate.

If the expenditure required to settle the recognized provisions is expected to be fully or partially compensated by third parties or other parties, the compensation amount may only be recognized as an asset separately when it is reasonably certain to be received. The recognized compensation amount shall not exceed the carrying amount of the recognized liabilities.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue

(1) General principles

The Company recognizes revenue when it fulfils the performance obligation in the contract, i.e. when the customer obtains control of the related goods or services.

If the contract includes two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation based on the relative proportion of the standalone selling price of the goods or services committed under each individual performance obligation on the contract inception date, and measure revenue according to the transaction price allocated to each individual performance obligation.

When any of the following conditions are met, the Company fulfils its performance obligation over a period of time; otherwise, it fulfils its performance obligations at a point in time:

- ① The customer obtains and consumes the economic benefits brought by the Company's performance upon performance by the Company.
- ② The customer is able to control the goods in progress during the Company's performance process.
- ③ The goods produced during the performance of the Company have irreplaceable uses, and the Company has the right to receive payments for the cumulative performance completed to date throughout the term of the contract.

For performance obligations fulfilled over a period of time, the Company recognizes revenue based on the progress of performance during that period. When the progress of performance cannot be reasonably determined, the Company recognizes revenue based on the costs incurred that are expected to be recoverable until the progress of performance can be reasonably determined.

For performance obligations fulfilled at a point in time, the Company recognizes revenue at the point when the customer obtains control of the related goods or services. When determining whether the customer has obtained control of the goods or services, the Company considers the following indicators:

- ① The Company has the current right to receive payment for the goods or services, i.e. the customer has the current obligation to pay for the goods.
- ② The Company has transferred the legal ownership of the goods to the customer, i.e. the customer has the legal ownership of the goods.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue (continued)

(1) General principles (continued)

- ③ The Company has transferred the physical goods to the customer, i.e. the customer physically possesses the goods.
- ④ The Company has transferred the major risks and rewards of ownership of the goods to the customer, i.e. the customer has acquired the major risks and rewards of ownership of the goods.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other indications that the customer has obtained control of the goods.

(2) Specific methods

The specific methods for revenue recognition of the principal businesses of the Company are as follows:

Construction contracts

The construction contracts between the Company and its customers generally include performance obligations for project construction. Since the customers can control the assets under construction during the Company's performance process, the Company treats it as a performance obligation fulfilled over a period of time and recognizes revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Company determines the progress of service fulfillment based on the costs incurred according to the input method. When the progress of performance cannot be reasonably determined, the Company recognizes revenue based on the costs incurred that are expected to be compensated until the progress can be reasonably determined.

When the outcome of a contract cannot be reasonably measured, revenue is recognized only to the extent of the contract costs expected to be recovered.

If the estimated cost to complete the contract exceeds the remaining balance of consideration under the contract, a provision shall be recognized in accordance with the Accounting Standards for Business Enterprises No. 14 — Revenue.

The Company generally provides a guarantee for the repair of any construction defects and does not offer an extended warranty in the construction contract signed with customers. Therefore, most existing guarantees are considered to be assurance-type guarantees under the Accounting Standards for Business Enterprises No. 14 — Revenue. The quality guarantee deposit is presented as a contract asset before the retention period expires. The relevant amount of contract assets will be reclassified as accounts receivable after the retention period expires.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue (continued)

(2) *Specific methods (continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, including certain concession projects (including “build-operate-transfer”), the Company allocates the transaction price to each performance obligation based on the relative standalone selling price. The standalone selling prices of the distinguishable goods or services related to each performance obligation are determined when the contract is entered into, which are the prices at which the Company will sell the committed goods or services to customers independently. If the standalone selling prices cannot be directly obtained, the Company will use appropriate techniques to estimate them. The final allocation of the transaction price to any performance obligation reflects the consideration the Company expects to receive when transferring the committed goods or services to the customer.

Provision of design service

The Company provides design services to external parties. For design contracts with non-substitutable purposes where the Company has an enforceable right to payment for performance completed to date throughout the contract period, revenue is recognized over time based on the progress towards complete satisfaction of the performance obligation. The progress is determined as the proportion of costs incurred to date relative to the estimated total costs. At the balance sheet date, the Company reassesses the progress of completed services to ensure it reflects changes in performance status.

For other design contracts, the Company recognizes revenue upon completion of design services, submission of design proposals to customers, and formal customer acceptance.

For contracts containing two or more distinct performance obligations, the Company allocates the transaction price to each obligation at contract inception based on the relative stand-alone selling prices of each service. Stand-alone selling prices are determined based on the Company’s pricing for individually sold services.

Sale of goods such as LNG and electricity

When the goods are delivered to the customer and the customer has accepted the goods, the customer obtains control of the goods and the Company recognizes revenue.

For the sale of goods with sales return clauses, revenue recognition is limited to the amount of cumulative recognized revenue that is highly unlikely to undergo significant reversal. The Company recognizes a liability for the expected refund amount and recognizes an asset for the balance of the book value of the goods expected to be returned when transferred, less the costs expected to be incurred in recovering the goods (including impairment of the returned goods’ value).

Rental income

The accounting policy for rental income is set out in Note III.28.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Contract Costs

The contract costs include the incremental costs incurred to obtain the contract and the contract performance costs.

The incremental costs incurred to obtain the contract refer to the costs that would not have been incurred if the Company did not obtain the contract (such as sales commissions). If these costs are expected to be recoverable, the Company will treat them as contract obtaining costs and recognize them as an asset. The Company records other expenses incurred to obtain the contract, except for the incremental costs expected to be recovered, in profit or loss for the period in which they are incurred.

For costs incurred to fulfil the contract, which do not fall under the scope of other Accounting Standards for Business Enterprises such as inventory and meet all of the following conditions, the Company treats them as contract performance costs and recognize them as an asset:

- ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly borne by the customer and other costs incurred solely due to the contract;
- ② The cost increases the resources the Company will use to fulfil performance obligations in the future;
- ③ The cost is expected to be recovered.

The asset recognized for contract obtaining costs and the asset recognized for contract performance costs (hereinafter "asset related to contract costs") are amortized on the same basis as the revenue recognition of the goods or services related to the assets and included in profit or loss for the period.

When the carrying amount of an asset related to contract costs is higher than the difference between the following two items, the Company makes an impairment provision for the excess portion and recognizes it as an asset impairment loss:

- ① The remaining consideration the Company expects to receive for the transfer of goods or services related to the asset;
- ② The estimated cost to be incurred to transfer the related goods or services.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Government Grants

Government grants are recognized when the conditions attached to them are met and they can be received.

Government grants that are monetary assets are measured based on the amount received or receivable. Government grants that are non-monetary assets are measured at fair value. If the fair value cannot be reliably obtained, they are measured at a nominal amount of RMB1.

Government grants related to assets refer to the government grants obtained by the Company for the purchase, construction or otherwise formation of long-term assets; other than this, they are considered as government grants related to income.

For granted items that are not specified in government documents, the part of government grants that can form long-term assets and corresponds to the asset value is treated as government grants related to assets, while the remaining part is treated as government grants related to income. If it is difficult to distinguish, the government grants as a whole are treated as government grants related to income.

Government grants related to assets are recognized as deferred income and included in profit or loss in installments according to a reasonable and systematic method during the useful life of the related assets. Government grants related to income that are used to compensate for related costs, expenses or losses incurred are included in profit or loss for the period. Those used to compensate for related costs, expenses or losses in future periods are included in deferred income and are recognized in profit or loss for the period in which the related costs, expenses or losses are recognized. Government grants measured at nominal amounts are directly included in profit or loss for the period. The Company accounts for identical or similar government grants in a consistent manner.

Government grants related to daily activities are included in other income according to the economic substance. Government grants unrelated to daily activities are included in non-operating income.

When the recognized government grants need to be returned, if the carrying amount of the related asset was offset at initial recognition, the carrying amount of the asset is adjusted; if there is a balance of related deferred income, the balance of the carrying amount of the related deferred income is offset, with any excess amount included in profit or loss for the period; for other situations, they are directly included in profit or loss for the period.

For interest subsidies obtained for policy-based preferential loans, if the financial department allocates the subsidy funds to the lending bank, the borrowing amount actually received will be used as the record value of the borrowing, and the borrowing cost will be calculated based on the principal and the policy-based preferential interest rate. If the financial department allocates the subsidy funds directly to the Company, the interest subsidy will be used to offset the borrowing cost.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Deferred Income Tax Assets and Deferred Income Tax Liabilities

Income tax includes current income tax and deferred income tax. Except for adjustments to goodwill arising from business combinations or deferred income tax related to transactions or events directly attributable to owners' equity that is included in owners' equity, deferred income tax is accounted for as income tax expenses in profit or loss for the period.

The Company recognizes deferred income tax using the balance sheet liability method based on the temporary differences between the carrying amounts of assets and liabilities on the balance sheet date and their tax bases.

Related deferred income tax liabilities are recognized for all taxable temporary differences, unless the taxable temporary differences arise from the following transactions:

- (1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and it does not affect accounting profit nor taxable income at the time of the transaction;
- (2) For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the timing of the reversal of such temporary differences can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

For deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years, the Company recognizes the deferred income tax assets arising from these to the extent that it is probable that future taxable income will be available to offset the deductible temporary differences, deductible losses and tax credits unless the deductible temporary differences arise from the following transactions:

- (1) The transaction is not a business combination, and it does not affect accounting profit nor taxable income at the time of the transaction;
- (2) For deductible temporary differences related to investments in subsidiaries, joint ventures and associates, corresponding deferred income tax assets are recognized if all of the following conditions are met: it is probable that the temporary differences will be reversed in the foreseeable future, and it is probable that taxable income will be available in the future to offset the deductible temporary differences.

On the balance sheet date, the Company measures deferred income tax assets and deferred income tax liabilities at the applicable tax rates for the period in which the asset is expected to be recovered or the liability is expected to be settled, and reflects the income tax effects of the expected recovery of assets or settlement of liabilities on the balance sheet date.

On the balance sheet date, the Company reviews the carrying amount of deferred income tax assets. If it is probable that sufficient taxable income will not be available to offset the benefits of deferred income tax assets in future periods, the carrying amount of deferred income tax assets shall be written down. When it is probable that sufficient taxable income will be available, the written-down amount shall be reversed.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as net amounts after offsetting when both of the following criteria are met:

- (1) The taxpayer of the Company has the legal right to net settlement of current income tax assets and current income tax liabilities;
- (2) Deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax collection authority on the same taxpayer within the Company.

28. Leases

(1) Identification of leases

At the contract inception date, the Company, as the lessee or lessor, assesses whether the customer in the contract has the right to obtain almost all of the economic benefits generated from the use of the identified asset during the usage period and has the right to direct the use of the identified asset during that period. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the Company considers the contract is or contains a lease.

(2) The Company as the lessee

At the lease commencement date, the Company recognizes right-of-use assets and lease liabilities for all leases, except for short-term leases and leases of low-value assets under simplified treatment.

See Note 29 for the accounting policy for right-of-use assets.

The lease liability is initially measured at the present value of the lease payments unpaid at the lease commencement date, discounted using the interest rate implicit in the lease or, if the interest rate implicit in the lease cannot be determined, the incremental borrowing rate. The lease payments include: fixed payments and in-substance fixed payments less the amount related to lease incentives if there are lease incentives; variable lease payments depending on indices or rates; the exercise price of purchase options, provided that the lessee is reasonably certain to exercise the options; payments required to exercise the lease termination options, provided that the lease term reflects that the lessee will exercise the lease termination options; and the expected payments under the guaranteed residual value provided by the lessee. Subsequently, interest expense on the lease liability for each period within the lease term is calculated according to the fixed periodic interest rate, and is included in profit or loss for the period. Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss when they occur.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Leases (continued)

(2) *The Company as the lessee (continued)*

Short-term leases

Short-term leases are leases with a lease term of 12 months or less at the lease commencement date, excluding leases with a purchase option.

The Company includes the lease payments of short-term leases in the cost of related assets or the profit or loss for the period on a straight-line basis over the lease term.

Leases of low-value assets

Leases of low-value assets are leases where the value of a single leased asset is less than RMB40,000 when it is a brand new asset.

The Company includes the lease payments of leases of low-value assets in the cost of related assets or the profit or loss for the period on a straight-line basis during each period within the lease term.

For leases of low-value assets, the Company chooses to adopt the aforementioned simplified treatment based on the specific circumstances of each lease.

Lease modification

If a lease is modified and the following conditions are met, the Company will account for the lease modification as a separate lease: ① the lease modification expands the lease scope by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the standalone price of the expanded part of the lease scope, adjusted according to the contract.

Except for contract modifications that apply the simplified method as specified in Caikuai [2022] Document No. 13, if a lease modification is not accounted for as a separate lease, at the effective date of lease modification, the Company will reallocate the consideration of the modified contract, redetermine the lease term, and remeasure the lease liability based on the present value calculated using the modified lease payments and revised discount rate.

If a lease modification results in a decrease in the lease scope or a shortening of the lease term, the Company will reduce the carrying amount of the right-of-use asset accordingly and recognize any gain or loss related to the partial or full termination of the lease in profit or loss for the period.

For other lease modifications that result in the remeasurement of lease liabilities, the Company will adjust the carrying amount of the right-of-use asset accordingly.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Leases (continued)

(3) *The Company as the lessor*

When the Company acts as a lessor, it recognizes leases that transfer substantially all the risks and rewards related to asset ownership as finance leases, and other leases apart from finance leases as operating leases.

Finance leases

For finance leases, the Company records the net investment in the lease as the carrying amount of the receivable finance lease at the commencement date of the lease. The net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease payments not yet received at the commencement date, discounted at the interest rate implicit in the lease. The Company, as the lessor, calculates and recognizes interest income for each period within the lease term based on a fixed periodic interest rate. The variable lease payments obtained by the Company as the lessor, which are not included in the net investment in the lease, are recognized in profit or loss for the period when they actually occur.

The derecognition and impairment of receivables finance leases are accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets.

Operating leases

The rental income from operating leases is recognized in profit or loss for the period by the Company on a straight-line basis over each period within the lease term. Initial direct costs related to operating leases should be capitalized and allocated over the lease term on the same basis as rental income recognition, and recognized in profit or loss for the period in instalments. The variable lease payments related to operating leases that are not included in the lease receipts are recognized in profit or loss for the period when they actually occur.

Lease modification

Except for contract modifications that apply the simplified method as specified in Caikuai [2022] Document No. 13, if there is a modification in operating leases, the Company will account for it as a new lease from the effective date of the modification. Any prepaid or receivable lease payments related to the lease before the modification will be considered as receipts for the new lease.

Except for contract modifications that apply the simplified method as specified in Caikuai [2022] Document No. 13, if a finance lease is modified and the following conditions are met, the Company will account for the modification as a separate lease: ① the modification expands the lease scope by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the standalone price of the expanded part of the lease scope, adjusted according to the contract.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Leases (continued)

(3) *The Company as the lessor (continued)*

Lease modification (continued)

If the modification in finance lease is not accounted for as a separate lease, the Company will treat the modified lease under the following circumstances: ① if the modification is effective on the lease commencement date and the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the modification, using the net investment in the lease before the effective date of the modification as the carrying amount of the leased asset; ② if the modification is effective on the lease commencement date and the lease is classified as a finance lease, the Company will account for it according to the requirements of the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments as to contract modification or renegotiation.

Sublease

When the Company acts as a sublessor, it classifies the sublease based on the right-of-use asset arising from the original lease. If the original lease is a short-term lease and the Company has applied simplified treatment to the original lease, the sublease is classified as an operating lease.

(4) *Sale and leaseback*

The lessee and the lessor shall assess and determine whether the transfer of assets in a sale and leaseback transaction is a sale in accordance with the requirements of the Accounting Standard for Business Enterprises No. 14 — Revenue.

Where asset transfer under the sale and leaseback transactions is a sale, the lessee shall measure the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right-of-use obtained upon leaseback, and only recognize relevant profit or loss for the right transferred to the lessor. The lessor shall account for the purchase of assets in accordance with other applicable Accounting Standard for Business Enterprises and account for the lease of assets in accordance with this standard.

Where asset transfer under the sale and leaseback transactions is not a sale, the lessee shall continue to recognize the transferred assets while recognizing a financial liability equal to the transfer income and account for such financial liability according to the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments; or not to recognize the transferred assets but recognize a financial asset equal to the transfer income and account for such financial asset according to the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Right-of-Use Assets

(1) *Recognition criteria for right-of-use assets*

The right-of-use asset refers to the right of the Company, as the lessee, to use the leased asset during the lease term.

At the lease commencement date, the right-of-use asset is initially measured at cost. The cost includes: the initial measurement amount of the lease liability; lease payments made on or before the lease commencement date, less the amount related to lease incentives entitled if there are lease incentives; initial direct costs incurred by the Company as the lessee; and the costs expected to be incurred by the Company as the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the condition agreed upon in the lease terms. The Company, as the lessee, recognizes and measures the costs of dismantling and restoration in accordance with the Accounting Standards for Business Enterprises No. 13 — Contingencies. Subsequent adjustments will be made for any remeasurement of lease liabilities.

(2) *Depreciation of right-of-use assets*

The Company adopts the straight-line method for depreciation. If the Company, as the lessee, can reasonably determine that it will obtain ownership of the leased asset at the end of the lease term, depreciation will be provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

(3) See Note 20 for the impairment test and the impairment provision for right-of-use assets.

30. Safety Production Expenses and Maintenance Expenses

The Company accrues for safety production expenses according to the regulations in the Notice on Issuing the Management Measures for the Appropriation and Use of Enterprise Safety Production Expenses issued by the Ministry of Finance and the State Administration of Work Safety.

The safety production expenses and maintenance expenses are included in the cost of related products or the profit and loss for the period when accrued, and are simultaneously included in the "special reserve" item.

For the accrued safety production expenses and maintenance expenses used within the stipulated range, if they belong to expense-type expenditure, they directly offset the special reserve; if they form fixed assets, the expenditure incurred is first accumulated through the "construction in progress" item, and upon completion of the safety project and reaching the intended usable state, it is recognized as a fixed asset. Meanwhile, the cost of forming the fixed asset offsets the special reserve, and an equal amount of accumulated depreciation is recognized. Depreciation will no longer be accrued for this fixed asset in subsequent periods.

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Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Exchange of Non-monetary Assets

If the exchange of non-monetary assets has commercial substance and the fair value of the exchange-in asset or the exchange-out asset can be reliably measured, the exchange of non-monetary assets is measured at fair value. The difference between the consideration received and the carrying amount of the exchange-out asset on derecognition is recognized in profit or loss for the period.

Exchange of non-monetary assets that does not meet the conditions for fair value measurement is measured based on book value. For the exchange-in asset, the initial measurement amount is based on the book value of the exchange-out asset and the relevant taxes and levies to be paid. For the exchange-out asset, no gains or losses are recognized upon derecognition.

32. Debt Restructuring

(1) *The Company as debtor*

Debt is derecognized when the present obligation of the debt is discharged, specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of executing the debt restructuring agreement is eliminated.

If a debt restructuring is carried out by settling the debt with an asset, the Company derecognizes the debt when the related asset and the debt settled meet the conditions for derecognition, and the difference between the carrying amount of the debt settled and the carrying amount of the asset transferred is recognized in profit or loss for the current period.

For debt restructuring by converting debt to equity instruments, the Company derecognizes the debt when the debt settled meets the conditions for derecognition. The Company initially recognizes an equity instrument at the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured at the fair value of the debt settled. The difference between the carrying amount of the debt settled and the amount recognized for the equity instrument is recognized in profit or loss for the current period.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured debt in accordance with the provisions of the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments and the Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments.

If debt restructuring is carried out by using multiple assets to settle debts or a combination of them, the Company recognizes and measures equity instruments and restructured debts in accordance with the aforementioned methods, and the difference between the carrying value of the debts settled and the sum of the carrying value of the transferred assets and the recognized amounts of equity instruments and restructured debts is recognized in profit or loss for the current period.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Debt Restructuring (continued)

(2) *The Company as creditor*

Claims are derecognized when the contractual right to receive cash flows from the claims is terminated. Specifically, gains or losses related to debt restructuring are recognized when uncertainty about the process and outcome of debt restructuring agreements is eliminated.

For debt restructuring by means of settlement of debts by assets, the Company initially recognizes assets other than transferred financial assets at cost, of which the cost of inventories, including the fair value of the relinquished claims and other costs directly attributable to bringing the assets to their current location and condition, such as taxes, transportation, handling and insurance, etc., are measured at cost. The cost of an investment in an associate or a joint venture includes the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of investment property includes the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of fixed assets includes the fair value of the relinquished claims and other costs directly attributable to the asset, such as taxes, transportation, loading and unloading, installation, and professional services, incurred before the asset is brought to its intended useable condition. The cost of intangible assets consists of the fair value of the relinquished claims and other costs directly attributable to taxes incurred to bring the asset to its intended use. The difference between the fair value and the carrying amount of the relinquished claims is recognized in profit or loss for the current period.

If a debt restructuring by way of conversion of debt to equity instruments results in the Company converting the debt to an equity investment in an associate or a joint venture, the Company measures the initial investment cost of the debt at the fair value of the relinquished claims and other costs directly attributable to the asset, such as taxes. The difference between the fair value of the relinquished claims and the carrying amount is recognized in profit or loss for the current period.

If debt restructuring is carried out by modifying other terms, the Company recognizes and measures the restructured claims in accordance with the provisions of the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments.

For debt restructuring using multiple assets to settle debts or a combination of them, the Company first recognizes and measures the transferred financial assets and restructuring claims in accordance with the provisions of the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, and then, in proportion to the fair value of each of the assets other than the transferred financial assets, allocation is made to the net amount of fair value of the relinquished claims after deducting the recognized amounts of the transferred financial assets and restructured claims, and the cost of each asset is determined separately on this basis in accordance with the aforementioned method. The difference between the fair value and the carrying amount of the relinquished claims is recognized in profit or loss for the current period.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

33. Segment Information

The Company identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, being the chief operating decision maker, for their decisions about resources allocation to the Company's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Company's major product and service lines.

The Company has identified the following two reportable segments according to its services, for the purpose of management:

Construction contracting segment — this segment provides services related to construction contracting as contractors engaged in professional industrial construction, professional auxiliary construction projects and other construction projects. The construction projects mainly includes electric power engineering, petrochemical engineering, hydromechanical installer engineering, metallurgical engineering, hydraulic and hydro-power engineering, urban railway engineering, mining, standardized plants, heating, water supply, sewage, gas, lighting, environmental protection engineering, road and bridge engineering, agricultural engineering, residential construction engineering, office construction engineering, commercial construction engineering, science, education, culture and health construction engineering, building decoration and decoration engineering, electronic and intelligent engineering, assembly trial construction engineering and other project construction contracting services.

Non-construction segment — this segment is mainly engaged in non-construction business, which mainly includes contractual energy management income, sales of LNG, trading income and operating fee income of PPP projects and other services. Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Company's profit before tax. Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. The measurement policies adopted by the Company for reporting segment results according to the Accounting Standards for Business Enterprises No. 35 — Segment Reporting are the same as those adopted for the financial statements prepared in accordance with the Accounting Standards for Business Enterprises.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Related Parties

A party is considered to be related to the Company if it is:

- (1) the parent company of the Company;
- (2) a subsidiary of the Company;
- (3) an enterprise under control of the same parent company as the Company;
- (4) an investor who has joint control over the Company;
- (5) an investor who has significant influence over the Company;
- (6) a joint venture of the Company;
- (7) an associate of the Company;
- (8) the primary individual investor of the Company and his closely related family member. The primary individual investor refers to an individual investor who can control, jointly control, or exert significant influence over an enterprise;
- (9) the key management personnel of the Company or its parent company and his closely related family member. The key management personnel refers to an individual who has the authority and responsibility for planning, directing and controlling the activities of the enterprise. A closely related family member of the primary individual investor or key management personnel refers to the family member who may influence or be influenced by the individual when dealing with transactions with the enterprise;
- (10) the enterprise that the Company's primary individual investor, key management personnel or his closely related family member has control, joint control or significant influence.

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Significant Accounting Judgments and Estimates

Based on historical experience and other factors, including reasonable expectations of future events, the Company continuously evaluates the significant accounting estimates and key assumptions adopted. The significant accounting estimates and key assumptions that are likely to result in material adjustment risks to the carrying amounts of assets and liabilities in the next accounting year are listed as follows:

Classification of financial assets

Significant judgements involved in determining the classification of financial assets by the Company include the analysis of business models and contractual cash flow characteristics.

Factors considered by the Company in determining the business model for a group of financial assets include how the financial asset's performance is evaluated and reported to key management personnel, how risks affect the financial asset's performance and are managed and how the relevant management personnel are compensated.

When the Company assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are repayments of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and consideration for cost and profit. For example, whether the amount repaid in advance reflects only the outstanding principal and interest thereon, as well as reasonable compensation paid for early termination of the contract.

Revenue recognition for infrastructure construction business

The recognition of revenue and expenses from infrastructure construction business based on the performance progress requires the management to make relevant judgement. If the infrastructure construction contract is expected to incur loss, such type of loss shall be recognized as the current expense. The management of the Company estimates loss which may be incurred based on the budget for infrastructure construction contract. Based on the characteristics of infrastructure construction, the date of signing contracts and the date of project completion are usually vested in different accounting periods.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Significant Accounting Judgments and Estimates (continued)

Revenue recognition for infrastructure construction business (continued)

Based on the terms of the contracts, the Company combines previous customary practices to determine the transaction price, and takes into consideration the impact of factors such as variable consideration and significant financing components in the contracts. In the course of performance, the Company continues to verify the estimated total revenue of contracts and estimated total cost of contracts. When there occurs changes in the initial estimation, such as changes in contracts, claims and rewards, amendments would be made to the estimated total revenue of contracts and estimated total cost of contracts. When the estimated total cost of contracts exceeds the estimated total revenue of contracts, cost of the principal business and estimated liabilities would be recognized based on the losing contracts pending to be executed. Meanwhile, the Company continuously monitors the payment progress of the landlord based on terms of the contracts, and regularly assesses the credibility of the landlord. In case there is condition indicating the landlord is likely to default in the payment of all or part of the contract price, the Company will make re-evaluation on the impact on the financial statements by the expected credit loss for the entire sustaining period of such contract assets, and may amend the amount of credit impairment loss. Such amendment will reflect in the prevailing financial statements where the Company makes re-evaluation and is required to amend the credit impairment loss.

Impairment provision of receivables and contract assets

The Company makes impairment accounting treatments and recognizes impairment provisions for receivables and contract assets based on expected credit risk. When assessing the impairment loss of such assets using a combined approach, the relevant provision amount is determined by combining the historical loss experience of assets with similar credit risk characteristics, observable data reflecting current conditions, and reasonable forecasts for the future. The Company regularly reviews the methods and assumptions used to estimate the amount and timing of future cash flows of relevant assets and continuously revises the estimates of expected credit risk. If there is an unexpected significant change in the credit status of important debtors or customers, it may have a significant impact on the operating performance of the corresponding future periods.

Income tax

The Company's determination of income tax involves judgments on the future tax treatment of certain transactions. In view of the fact that the Company pays corporate income tax in multiple regions, the Company will carefully assess the tax impact of each transaction and accrue the corresponding income tax. The Company regularly reassesses the tax implications of these transactions based on updated tax regulations. The recognition of deferred income tax assets requires the Company to assess the likelihood of obtaining future taxable income. The Company continuously reviews the judgments on deferred income tax. Deferred income tax assets are recognized for deductible temporary differences and deductible tax losses only if it is probable that future taxable income will be available against which the deductible temporary differences and deductible tax losses can be utilized. Nevertheless, there remains a risk of significant differences in the final tax impact and management's judgement.

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Significant Accounting Judgments and Estimates (continued)

Defined benefit scheme liability

The Company has recognized the original benefit scheme for the resigned and internally retired staff as a liability. The amounts of such benefit fee expenses and liabilities are calculated and paid based on various assumptions and conditions. Such assumptions and conditions include discount rate, benefit growth rate and average medical expense growth rate. Given the long duration of such schemes, the above estimations have relatively large uncertainties.

Impairment of goodwill

The Company assesses goodwill for impairment at least once every year. This requires estimating the value in use of the asset groups to which goodwill has been allocated. When estimating the value in use, the Company needs to estimate the future cash flows from the asset group and select an appropriate discount rate to calculate the present value of future cash flows.

Fair value determination of unlisted equity investments

The fair value of unlisted equity investments is based on the expected future cash flows discounted at the current discount rate of projects with similar terms and risk characteristics. This valuation has uncertainties as it requires the Company to estimate the expected future cash flows and discount rates. Under limited circumstances, if the information used to determine fair value is insufficient, or the possible range of fair value estimates is very wide, and the cost represents the best estimate of fair value within that range, then the cost can represent an appropriate estimate of fair value within that range.

Fair value determination of investment properties

Investment properties are revalued at the end of the reporting period based on the appraised market value provided by independent professional valuers. These valuations are based on certain assumptions, which are subject to uncertainties and may differ significantly from actual results. When making estimates, the Company will consider data on the current prices of similar buildings in an active market and adopt assumptions primarily based on market conditions that existed at the end of previous reporting periods.

36. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in significant accounting policies

① *The Interim Provisions on the Accounting Treatment of Enterprise Data Resources*

On August 21, 2023, the Ministry of Finance issued the "Notice on the Issuance of the Interim Provisions on the Accounting Treatment of Enterprise Data Resources" (Cai Kuai [2023] No.11).

Such requirement is applicable to data resources recognized as assets such as intangible assets or inventories when these meet relevant requirements in the Accounting Standards for Business Enterprises, and data resources legally owned or controlled by the enterprise that are expected to bring economic benefits to the enterprise, but not recognized as assets under relevant accounting as they do not meet the criteria for recognition of relevant assets under the Accounting Standards for Business Enterprises.

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Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Changes in Significant Accounting Policies and Accounting Estimates (continued)

(1) Changes in significant accounting policies (continued)

① The Interim Provisions on the Accounting Treatment of Enterprise Data Resources (continued)

The Company implements such requirements with effect from January 1, 2024, and adopts prospectively. Relevant expenses of data resources capitalized and included into profit or loss prior to the implementation of such requirements are not adjusted.

The implementation of the above accounting policy will have the following impact on the consolidated income statement for 2024:

Consolidated income statement items (2024)	Affected amount
Administrative expenses	8,962.26
Operating costs	—

② Interpretation No. 17 of Accounting Standards for Business Enterprises

The Ministry of Finance issued Interpretation No. 17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21) (hereinafter referred as "Interpretation No. 17") in November 2023.

Classification of current liabilities and non-current liabilities

As specified by Interpretation No. 17, for liabilities arising from corporate loan arrangements, the right of an enterprise to defer settlement of liabilities for more than one year after the balance sheet date may depend on whether the enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred as the "Covenants"). The Covenants that the company shall comply with on or before the balance sheet date, even if the performance of Covenants is being assessed after the balance sheet date (in some cases, the Covenants provide for an assessment after the balance sheet date based on the financial conditions on the balance sheet date), affects the judgment as to whether such right exists on the balance sheet date, which in turn affects the classification of liabilities as current or non-current on the balance sheet date. The Covenants that the enterprise shall comply with after the balance sheet date (in some cases, the Covenants provide for an assessment based on the financial conditions at six months after the balance sheet date), will not affect the judgment as to whether such right exists on the balance sheet date, and is not related to the classification of liabilities as current or non-current on the balance sheet date.

If a term of the liability results in the settlement of the liability through the delivery of the enterprise's own equity instruments at the discretion of the counterparty, and if this option is classified as an equity instrument in accordance with the requirements of the standards and recognized separately as an equity component of a compound financial instrument, the term does not affect the liquidity classification of the liability.

Notes to the Consolidated Financial Statements

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Changes in Significant Accounting Policies and Accounting Estimates (continued)

(1) *Changes in significant accounting policies (continued)*

② *Interpretation No. 17 of Accounting Standards for Business Enterprises (continued)*

Classification of current liabilities and non-current liabilities (continued)

The Company has implemented this requirement from January 1, 2024 and adjusted the information for the comparable periods.

The adoption of Interpretation No. 17 does not have material impact on the financial position and operating results of the Company.

Disclosure of supplier financing arrangements

Interpretation No. 17 provides that for supplier financing arrangements, the following shall be disclosed: (1) the terms and conditions of supplier financing arrangements (such as deferred payment terms and provision of guarantees, etc.). (2) ① the presentation items and carrying amount of financial liabilities under supplier financing arrangements in the balance sheet; ② if the supplier has received funds from the financing provider, the presentation items and carrying amount of the corresponding financial liabilities shall be disclosed; ③ and the payment due date range of the related financial liabilities, as well as the payment due date range of comparable accounts payable that are not a part of the supplier financing arrangements. If the range of the payment due date is large, the enterprise shall also disclose explanatory information or additional range information related to these ranges; (3) the types and impacts of current changes in the carrying amount of related financial liabilities that do not involve cash receipts and payments (including business combinations, changes in exchange rates and other transactions or matters that do not require the use of cash or cash equivalents).

When disclosing liquidity risk information in accordance with the requirements of Accounting Standards for Business Enterprises No. 37 — Presentation of Financial Instruments, an enterprise shall consider whether it has obtained or has access to obtain credit for the deferred payment to the enterprise or early payment to its suppliers through supplier financing arrangements. When identifying liquidity risk concentration in accordance with requirements of the relevant standards, an enterprise shall consider the factor that supplier financing arrangements lead to the concentration of a part of the financial liabilities originally payable to suppliers with the financing providers.

The Company has implemented this requirement from January 1, 2024. At the initial implementation of the requirement, the Company is not required to disclose the relevant information for the comparable period and the opening information as required under ② and ③ of Item (2).

The adoption of Interpretation No. 17 does not have material impact on the financial position and operating results of the Company.

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Changes in Significant Accounting Policies and Accounting Estimates (continued)

(1) Changes in significant accounting policies (continued)

② Interpretation No. 17 of Accounting Standards for Business Enterprises (continued)

Accounting for sales and leaseback transactions

Interpretation No. 17 stipulates that, for right-of-use assets and lease liabilities arising from sale and leaseback transactions which belong to sale under assets transfer, subsequent measurement should be conducted in accordance with the relevant requirements under the Accounting Standards for Business Enterprise No. 21 — Leases. When conducting subsequent measurement of lease liabilities arising from sale and leaseback, the way which lessee determines the amount of lease payment or the amount of lease payment upon change shall not result in the recognition of profit or loss related to the right-of-use obtained from the leaseback. For downsizing of lease scope or shortening of lease duration resulted from the change in leases, the lessee should still, in accordance with the requirements of under the Accounting Standards for Business Enterprise No. 21 — Leases, include relevant profit or loss of partially terminated or completely terminated leases into profit or loss for the current period, which is not subject to the requirements under the prior clause.

The Company has implemented this requirement from January 1, 2024, and made retrospective adjustments.

The adoption of Interpretation No. 17 does not have material impact on the financial position and operating results of the Company.

③ Interpretation No. 18 of Accounting Standards for Business Enterprises

The Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 18 (Cai Kuai [2024] No. 24) ("Interpretation No. 18") on December 6, 2024.

Accounting treatment of a warranty-type of quality guarantee that is not a separate performance obligation

Interpretation No. 18 stipulates that when accounting for the provision for warranty-type quality guarantee that is not a separate performance obligation, an enterprise shall, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 13 — Contingencies, debit the items such as "Principal business cost" and "Other business cost" based on the determined amount of provisions, and credit the item of "Estimated liabilities". These items shall be correspondingly presented in the "Operating cost" of the income statement and in items such as "Other current liabilities," "Non-current liabilities due within one year," and "Estimated liabilities" in the balance sheet.

The Company has implemented the requirements from the date of issuance of Interpretation No. 18 and made retrospective adjustments.

The implementation of Interpretation No. 18 does not have material impact on the financial position and operating results of the Company.

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Changes in Significant Accounting Policies and Accounting Estimates (continued)

(2) Changes in significant accounting estimates

There were no changes in significant accounting estimates of the Company during the current period.

IV. TAXATION

1. Major types of taxes and respective tax rates

Tax type	Tax basis	Statutory tax rate %
Value-added tax (VAT)	Taxable value-added amount (the taxable amount is calculated based on the balance of taxable sales multiplied by the applicable tax rate after subtracting the deductible input tax for the current period)	13%, 9%, 6%, 5%, 3%
City maintenance and construction tax	The sum of VAT actually paid	7%, 5%
Educational surcharge	The sum of VAT actually paid	3%
Local educational surcharge	The sum of VAT actually paid	2%
Corporate income tax	Taxable income	25%, 15%

Taxpayers of the Company subject to different corporate income tax rate and their applicable income tax rates are set out below:

Name of taxpayer	Income tax rate %
Shanxi Installation Group Co., Ltd. ("Shanxi Installation")	15.00
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd. ("Shan'an Bluesky")	15.00
Shanxi Shan'an Lide Environmental Technology Co., Ltd. ("Shan'an Lide")	15.00
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd. ("Shan'an Biquan")	15.00
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd. ("Shan'an Maode")	15.00
Shanghai Shan'an Construction Engineering Co., Ltd. ("Shanghai Shan'an")	15.00
Shanxi Ningyang Energy Co., Ltd. ("Shanxi Ningyang")	25.00
Guangdong Shan'an Construction Engineering Co., Ltd.	25.00
Shanxi Shan'an Lida Environmental Technology Co., Ltd.	25.00
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	25.00
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	25.00

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IV. TAXATION (continued)

1. Major types of taxes and respective tax rates (continued)

Name of taxpayer	Income tax rate %
Lingchuan Shan'an Construction Development Co., Ltd.	25.00
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	25.00
Changzhi Shan'an Construction Development Co., Ltd.	25.00
Xinjiang Shan'an Waterwork Management Co., Ltd. ("Xinjiang Shan'an")	25.00
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd. ("Xiyang Shan'an")	25.00
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd. ("Qinshui Culture and Sport")	25.00
Jiexiu Shan'an Waterwork Construction Development Co., Ltd. ("Jiexiu Shan'an")	25.00
Shanxi Zhuo'an Materials Trading Co., Ltd. ("Zhuo'an Materials")	25.00
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	25.00
Linfen Shan'an Waterwork Development Co., Ltd.	25.00
Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	25.00
Son Tay Viet Nam Construction Co., Ltd.	20.00
Australia Shan'an Construction Engineering Pty Limited	30.00
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	25.00
Shaanxi Shan'an Construction Engineering Co., Ltd.	25.00
Chongqing Shan'an Construction Engineering Co., Ltd.	25.00
Hong'an Shan'an Construction Engineering Co., Ltd. (previously known as "Sichuan Shan'an Construction Engineering Co., Ltd.")	25.00
Yangquan Shan'an Construction Development Co., Ltd.	25.00
Qinshui Shan'an Construction Development Co., Ltd. ("Qinshui Construction Development")	25.00
Hubei Shan'an Construction Engineering Co., Ltd.	25.00
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	25.00
Yushe County Shan'an Xinyuan Co., Ltd.	25.00
Liaoning Yingkou Shan'an New Energy Co., Ltd.	25.00
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	25.00
Xiyang Shan'an New Energy Co., Ltd.	25.00
Linfen Shan'an Lide Environmental Technology Co., Ltd.	25.00
Baode Shan'an New Energy Co., Ltd.	25.00
Danling Shan'an Xinyuan Co., Ltd.	25.00

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IV. TAXATION (continued)

1. Major types of taxes and respective tax rates (continued)

Name of taxpayer	Income tax rate %
Fenxi Shan'an Xinyuan Co., Ltd.	25.00
Shanxi Shan'an Deyuchen Energy Technology Co., Ltd.	25.00
Gaoping Xinshi Yangtian Solar Power Co., Ltd. ("Xinshi Yangtian")	15.00
Pingyao Shan'an Maode Solar Technology Co., Ltd.	25.00
Liulin Shan'an Bluesky Heating Co., Ltd.	25.00
Charhar Youyi Houqi Shan'an Heat and Electricity Co., Ltd.	25.00
SHAN AN CONSTRUCTION PTY LTD	30.00
Wenshui Shan'an Biquan Waterwork Development Limited	25.00
Yuanping Shan'an Biquan Waterwork Development Limited	25.00

2. Tax Concessions and Approvals

- (1) The Company has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in November 2024, which is eligible to pay enterprise income tax (EIT) at a preferential rate of 15% from November 1, 2024 to October 31, 2027.
- (2) Shan'an Bluesky, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in November 2024, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.
- (3) Xinshi Yangtian, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in November 2024, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.
- (4) Shan'an Biquan and Shan'an Maode, subsidiaries of the Company, have obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in 2022, which are eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2022 to December 11, 2025.

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IV. TAXATION (continued)

2. Tax Concessions and Approvals (continued)

- (5) Shan'an Lide, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in December 2023, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 8, 2023 to December 7, 2026.
- (6) Shanghai Shan'an, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Taxation Administration in December 2023, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2023 to December 11, 2026.
- (7) The Company's operations in the PRC enjoy an additional research and development deduction tax treatment in accordance to EIT.

According to the announcement issued by the Ministry of Finance, the State Taxation Administration, and the Ministry of Science and Technology, with effect from October 1, 2022, the additional deduction ratio of research and development expenses was 100% and additional deduction ratio of amortization of the intangible assets was 200%.

Notes to the Consolidated Financial Statements

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

Item	Closing balance	Balance at the end of last year
Cash on hand	2,003.25	13,712.10
Bank deposits	2,200,840,545.43	2,090,148,845.68
Other monetary funds	425,994,913.32	546,383,336.31
Total	2,626,837,462.00	2,636,545,894.09
Including: Total overseas deposits	31,089,490.98	81,895,590.10

The Company's restricted monetary funds as at December 31, 2024 totaled RMB425,994,913.32, including security deposits for bank acceptance bills of RMB179,433,529.58, security deposits for letter of credit of RMB134,514,629.31, performance security deposits of RMB24,882,481.19 and funds frozen by court of RMB87,164,273.24.

2. Bill Receivables

Type of bill	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Bank acceptance bills	119,187,071.31	1,569,742.59	117,617,328.72	197,529,117.05	2,358,579.54	195,170,537.51
Commercial acceptance bills	8,556,878.55	112,735.09	8,444,143.46	18,933,072.43	226,068.73	18,707,003.70
Total	127,743,949.86	1,682,477.68	126,061,472.18	216,462,189.48	2,584,648.27	213,877,541.21

(1) The Company had no pledged bill receivables at the end of the period.

(2) Bill receivables which have been endorsed or discounted by the Company but have not matured at the end of the period

Type	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	—	116,989,740.41
Commercial acceptance bills	—	3,639,466.45
Total	—	120,629,206.86

(3) The Company had no bills transferred to trade receivables due to the default of the drawers at the end of the period.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Bill Receivables (continued)

(4) Bill receivables by classification of bad debt provision

Type	Closing balance				
	Balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	127,743,949.86	100.00	1,682,477.68	1.32	126,061,472.18
Including:					
Bank acceptance bills	8,556,878.55	6.70	112,735.09	1.32	8,444,143.46
Commercial acceptance bills	119,187,071.31	93.30	1,569,742.59	1.32	117,617,328.72
Total	127,743,949.86	100.00	1,682,477.68	1.32	126,061,472.18

Continued:

Type	Balance at the end of last year				
	Balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	216,462,189.48	100.00	2,584,648.27	1.19	213,877,541.21
Including:					
Bank acceptance bills	18,933,072.43	8.75	226,068.73	1.19	18,707,003.70
Commercial acceptance bills	197,529,117.05	91.25	2,358,579.54	1.19	195,170,537.51
Total	216,462,189.48	100.00	2,584,648.27	1.19	213,877,541.21

Bad debt provision made, recovered or reversed during the period

Item	Amount of bad debt provision
Opening balance	2,584,648.27
Accrual during the period	—
Recovery or reversal during the period	902,170.59
Write-off during the period	—
Carry-forward during the period	—
Others	—
Closing balance	1,682,477.68

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade Receivables

Trade receivables are mainly recorded based on the dates of transaction. The age of trade receivables presented based on the recording date is basically the same as the age presented based on the invoice date.

(1) Disclosure by age

Age	Closing balance	Balance at the end of last year
Within 1 year	3,136,273,936.77	4,263,819,685.01
1 to 2 years	1,907,612,990.50	1,567,765,049.79
2 to 3 years	795,846,401.32	491,809,842.60
3 to 4 years	202,679,085.18	191,013,599.14
4 to 5 years	165,534,537.78	148,107,682.49
Over 5 years	196,398,352.16	160,889,194.47
Sub-total	6,404,345,303.71	6,823,405,053.50
Less: Bad debt provision	443,671,951.84	380,569,250.79
Total	5,960,673,351.87	6,442,835,802.71

(2) Disclosure by classification of bad debt provision

Type	Balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	123,217,591.26	1.92	123,217,591.26	100	—
Bad debt provision on a group basis	6,281,127,712.45	98.08	320,454,360.58	5.10	5,960,673,351.87
Including: Age group	6,281,127,712.45	98.08	320,454,360.58	5.10	5,960,673,351.87
Total	6,404,345,303.71	100.00	443,671,951.84	6.93	5,960,673,351.87

Continued:

Type	Balance		Balance at the end of last year		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	106,078,264.08	1.55	106,078,264.08	100.00	—
Bad debt provision on a group basis	6,717,326,789.42	98.45	274,490,986.71	4.09	6,442,835,802.71
Including: Age group	6,717,326,789.42	98.45	274,490,986.71	4.09	6,442,835,802.71
Total	6,823,405,053.50	100.00	380,569,250.79	5.58	6,442,835,802.71

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade Receivables (continued)

(2) Disclosure by classification of bad debt provision (continued)

Bad debt provision on an individual basis:

Name	Closing balance			Reason for provision
	Balance	Bad debt provision	Expected credit loss rate (%)	
Customer 1	40,901,742.69	40,901,742.69	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 2	20,748,213.95	20,748,213.95	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 3	15,489,429.28	15,489,429.28	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 4	13,080,818.00	13,080,818.00	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 5	12,471,658.08	12,471,658.08	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 6	11,411,684.85	11,411,684.85	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Others	9,114,044.41	9,114,044.41	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	123,217,591.26	123,217,591.26	100.00	

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade Receivables (continued)

(2) Disclosure by classification of bad debt provision (continued)

Continued:

Name	Balance at the end of last year			Reason for provision
	Balance	Bad debt provision	Expected credit loss rate (%)	
Customer 1	40,901,742.69	40,901,742.69	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 2	20,748,213.95	20,748,213.95	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 4	13,080,818.00	13,080,818.00	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 5	12,471,658.08	12,471,658.08	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Customer 6	11,411,684.85	11,411,684.85	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Others	7,464,146.51	7,464,146.51	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	106,078,264.08	106,078,264.08	—	

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade Receivables (continued)

(2) Disclosure by classification of bad debt provision (continued)

Bad debt provision on a group basis:

Group item: Age group

	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	3,120,751,204.54	41,115,065.31	1.32	4,263,819,685.01	51,172,565.65	1.20
1 to 2 years	1,907,612,990.50	66,969,165.33	3.51	1,566,440,619.79	57,699,544.38	3.68
2 to 3 years	794,521,971.32	58,019,393.23	7.30	491,685,275.83	37,641,116.77	7.66
3 to 4 years	202,504,518.41	27,395,553.34	13.53	191,012,071.14	25,116,758.01	13.15
4 to 5 years	165,534,537.78	36,752,693.47	22.20	138,005,606.49	36,497,470.74	26.45
Over 5 years	90,202,489.90	90,202,489.90	100.00	66,363,531.16	66,363,531.16	100.00
Total	6,281,127,712.45	320,454,360.58	5.10	6,717,326,789.42	274,490,986.71	4.09

Bad debt provision made, recovered or reversed during the period

Item	Amount of bad debt provision
Opening balance	380,569,250.79
Accrual during the period	63,102,701.05
Recovery or reversal during the period	—
Write-off during the period	—
Carry-forward during the period	—
Others	—
Closing balance	443,671,951.84

(3) There were no trade receivables actually written off during the period.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade Receivables (continued)

(4) Top five debtors of trade receivables in terms of closing balance

Name of entity	Balance of trade receivables at the end of the period	As a percentage of the total balance of trade receivables at the end of the period %	Balance of bad debt provision as at the end of the period
Customer 7	306,494,070.31	4.79	10,406,018.47
Customer 8	259,954,990.36	4.06	8,131,210.72
Customer 9	237,217,918.52	3.70	8,327,834.88
Customer 10	218,989,183.05	3.42	4,073,234.46
Customer 11	196,965,335.71	3.08	11,412,447.70
Total	1,219,621,497.95	19.04	42,350,746.24

4. Receivables Financing

Item	Closing balance	Balance at the end of last year
Bill receivables	69,252,401.61	43,078,164.13
Trade receivables	—	—
Sub-total	69,252,401.61	43,078,164.13
Less: Other comprehensive income — fair value changes	—	—
Fair value at the end of the period	69,252,401.61	43,078,164.13

Explanations:

The Company and its certain subsidiaries discount and endorse part of their bank acceptance bills according to their daily capital management needs. Therefore, such bank acceptance bills were classified as financial assets measured at fair value through other comprehensive income.

At the end of the period, the Company believes that its bank acceptance bills are not exposed to significant credit risk, and will not cause significant losses due to bank default.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Receivables Financing (continued)

Bill receivables which have been endorsed or discounted by the Company but have not matured at the end of the period

Type	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	268,022,586.91	—
Commercial acceptance bills	—	—
Total	268,022,586.91	—

As the bank acceptance bills which have been discounted were honored by banks with higher credit ratings, the credit risk and deferred payment risk were very small, and the interest rate risk related to the bills had been transferred to the banks. It was determined that the major risks and rewards of the ownership of the bills had been transferred, so these bills were derecognized.

5. Prepayments

(1) Disclosure of prepayments by age

Age	Closing balance		Balance at the end of last year	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	474,557,368.56	91.67	487,581,219.75	87.35
1 to 2 years	34,378,109.64	6.64	14,708,143.17	2.64
2 to 3 years	6,242,684.47	1.21	55,166,239.10	9.88
Over 3 years	2,490,613.53	0.48	712,696.75	0.13
Total	517,668,776.20	100.00	558,168,298.77	100.00

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments (continued)

(2) Significant prepayments aged over 1 year

Name of debtor	Balance	As a percentage of total prepayments	Bad debt provision	Reason for unsettlement
		(%)		
Company 1	4,238,927.43	0.82	—	The settlement node has not yet arrived
Company 2	3,460,000.00	0.67	—	The settlement node has not yet arrived
Company 3	2,261,498.21	0.44	—	The settlement node has not yet arrived
Company 4	1,984,403.72	0.38	—	The settlement node has not yet arrived
Company 5	1,440,800.00	0.28	—	The settlement node has not yet arrived
Total	13,385,629.36	2.59	—	

(3) Top five entities in terms of the closing balance of prepayments

Name of entity	Closing balance	As a percentage of the balance of prepayments at the end of the period
Company 6	86,511,000.00	16.71
Company 7	67,500,010.38	13.04
Company 8	56,509,000.00	10.92
Company 9	49,351,873.39	9.53
Company 10	35,000,000.00	6.76
Total	294,871,883.77	56.96

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables

Item	Closing balance	Balance at the end of last year
Interest receivables	—	—
Dividend receivables	1,522,570.83	1,011,775.60
Other receivables	749,891,726.82	788,046,445.47
Total	751,414,297.65	789,058,221.07

(1) Dividend receivables

Item	Closing balance	Balance at the end of last year
Shanxi Jiantou Cloud Data Technology Co., Ltd.	1,348,183.67	909,626.46
Shanxi Jiantou Decoration Industry Co., Ltd.	102,149.14	102,149.14
Taiyuan Xie'an Property Service Co., Ltd.	72,238.02	—
Sub-total	1,522,570.83	1,011,775.60
Less: Bad debt provision	—	—
Total	1,522,570.83	1,011,775.60

(2) Other receivables

① Disclosure by age

Age	Closing balance	Balance at the end of last year
Within 1 year	161,730,441.92	328,883,912.73
1 to 2 years	200,770,295.71	371,860,495.14
2 to 3 years	364,873,594.31	21,853,001.25
3 to 4 years	12,182,086.85	18,203,941.55
4 to 5 years	9,236,770.15	9,418,844.76
Over 5 years	53,280,164.58	75,013,686.85
Sub-total	802,073,353.52	825,233,882.28
Less: Bad debt provision	52,181,626.70	37,187,436.81
Total	749,891,726.82	788,046,445.47

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

② Disclosure by nature of amount

Item	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Reserve funds, deposits and security deposits	90,575,396.11	1,355,059.07	89,220,337.04	108,646,479.46	—	108,646,479.46
Amounts due from associates	7,985,949.64	696,144.18	7,289,805.46	8,933,432.45	258,752.61	8,674,679.84
Amounts due from related parties	520,431,974.63	15,873,805.95	504,558,168.68	533,421,679.21	7,887,673.99	525,534,005.22
Payment and collection clearance amounts	16,037,841.08	271,183.36	15,766,657.72	11,095,614.69	649,949.12	10,445,665.57
Other debts	167,042,192.06	33,985,434.14	133,056,757.92	163,136,676.47	28,391,061.09	134,745,615.38
Total	802,073,353.52	52,181,626.70	749,891,726.82	825,233,882.28	37,187,436.81	788,046,445.47

③ Bad debt provision

Bad debt provision in stage I at the end of the period:

Type	Expected credit loss rate over the next 12 months (%)		Bad debt provision	Carrying amount
	Balance			
Bad debt provision on an individual basis	—	—	—	—
Bad debt provision on a group basis	161,730,441.92	0.70	1,132,280.24	160,598,161.68
— Group of reserve funds, deposits and security deposits receivables	29,494,173.64	—	—	29,494,173.64
— Age group	132,236,268.28	0.86	1,132,280.24	131,103,988.04
Total	161,730,441.92	0.70	1,132,280.24	160,598,161.68

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provision in stage II at the end of the period:

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	—	—	—	—
Bad debt provision on a group basis	589,787,463.78	3.47	20,493,898.64	569,293,565.14
— Group of reserve funds, deposits and security deposits receivables	61,081,222.47	2.22	1,355,059.07	59,726,163.40
— Age group	528,706,241.31	3.62	19,138,839.57	509,567,401.74
Total	589,787,463.78	3.47	20,493,898.64	569,293,565.14

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provision in stage III at the end of the period:

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount	Reason
Bad debt provision on an individual basis	50,555,447.82	60.44	30,555,447.82	20,000,000.00	
Entity 1	36,000,000.00	44.44	16,000,000.00	20,000,000.00	Provisions for credit losses were made based on the recoverability of the amount
Entity 2	3,477,700.00	100.00	3,477,700.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 3	2,994,579.86	100.00	2,994,579.86	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 4	1,409,831.00	100.00	1,409,831.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 5	1,500,000.00	100.00	1,500,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 6	1,200,000.00	100.00	1,200,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 7	1,070,000.00	100.00	1,070,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 8	1,000,000.00	100.00	1,000,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Others	1,903,336.96	100.00	1,903,336.96	—	Provisions for credit losses were made based on the recoverability of the amount
Total	50,555,447.82		30,555,447.82	20,000,000.00	

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provision in stage I at the end of last year:

Type	Balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	—	—	—	—
Bad debt provision on a group basis	328,883,912.73	0.27	898,662.56	327,985,250.17
— Group of reserve funds, deposits and security deposits	29,213,487.10	—	—	29,213,487.10
— Age group	299,670,425.63	0.30	898,662.56	298,771,763.07
Total	328,883,912.73	0.27	898,662.56	327,985,250.17

Bad debt provision in stage II at the end of last year:

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	—	—	—	—
Bad debt provision on a group basis	447,334,521.73	1.76	7,859,279.92	439,475,241.81
— Group of reserve funds, deposits and security deposits	79,432,992.36	—	—	79,432,992.36
— Age group	367,901,529.37	2.14	7,859,279.92	360,042,249.45
Total	447,334,521.73	1.76	7,859,279.92	439,475,241.81

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provision in stage III at the end of last year:

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	49,015,447.82	58.00	28,429,493.63	20,585,954.19
Entity 1	36,000,000.00	42.82	15,414,045.81	20,585,954.19
Entity 2	3,477,700.00	100.00	3,477,700.00	—
Entity 3	2,994,579.86	100.00	2,994,579.86	—
Entity 4	1,409,831.00	100.00	1,409,831.00	—
Entity 6	1,200,000.00	100.00	1,200,000.00	—
Entity 7	1,070,000.00	100.00	1,070,000.00	—
Entity 8	1,000,000.00	100.00	1,000,000.00	—
Entity 9	654,413.96	100.00	654,413.96	—
Entity 10	420,000.00	100.00	420,000.00	—
Entity 11	220,000.00	100.00	220,000.00	—
Entity 12	172,100.00	100.00	172,100.00	—
Entity 13	153,015.00	100.00	153,015.00	—
Entity 14	101,808.00	100.00	101,808.00	—
Entity 15	100,000.00	100.00	100,000.00	—
Entity 16	42,000.00	100.00	42,000.00	—
Total	49,015,447.82	—	28,429,493.63	20,585,954.19

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

④ Bad debt provision made, recovered or reversed during the period

Bad debt provision	Stage I 12-month expected credit losses	Stage II Lifetime expected credit losses (not credit- impaired)	Stage III Lifetime expected credit losses (credit- impaired)	Total
Opening balance	898,662.56	7,859,279.92	28,429,493.63	37,187,436.11
Opening balance in the current period	898,662.56	7,859,279.92	28,429,493.63	37,187,436.11
— Transfer to Stage II	-384,191.77	384,191.77	—	—
— Transfer to Stage III	—	—	—	—
— Reverse to Stage II	—	—	—	—
— Reverse to Stage I	—	—	—	—
Accrual during the period	617,809.45	12,250,426.95	2,125,954.19	14,994,190.59
Reversal during the period	—	—	—	—
Carry-forward during the period	—	—	—	—
Write-off during the period	—	—	—	—
Other changes	—	—	—	—
Closing balance	1,132,280.24	20,493,898.64	30,555,447.82	52,181,626.70

⑤ Other receivables actually written off during the period

Nil.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other Receivables (continued)

(2) Other receivables (continued)

⑥ Top five debtors of other receivables in terms of closing balance

Name of entity	Nature of amount	Closing balance of other receivables	Age	As a percentage of the total balance of other receivables at the end of the period (%)	Closing balance of bad debt provision
Entity 17	Amounts due from related parties	517,341,569.40	Within 1 year, 1 to 2 years, 2 to 3 years, 4 to 5 years	64.50	14,363,056.02
Entity 18	Performance security deposits	52,587,006.35	Within 1 year	6.56	450,467.07
Entity 1	Land security deposits	36,000,000.00	Over 5 years	4.49	16,000,000.00
Entity 19	Performance security deposits	10,000,000.00	2 to 3 years	1.25	347,538.78
Entity 20	Leased land security deposits	10,000,000.00	Within 1 year	1.25	85,661.29
Total		625,928,575.75		78.04	31,246,723.16

7. Inventories

(1) Classification of inventories

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Raw materials	256,003,413.02	—	256,003,413.02	144,914,368.99	—	144,914,368.99
Stock goods	24,547,786.70	—	24,547,786.70	22,820,724.05	—	22,820,724.05
Costs of contract performance	17,561,968.29	—	17,561,968.29	20,502,061.11	—	20,502,061.11
Total	298,113,168.01	—	298,113,168.01	188,237,154.15	—	188,237,154.15

Explanation: Costs of contract performance refer to the maintenance cost incurred by Shan'an Bluesky in non-heat supply period, which are amortized during the heat supply period.

(2) No impairment provision of inventories was made as no such impairment provision of inventories was incurred for the Company in the period.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract Assets

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Contract assets arising from construction contracts	6,857,195,510.68	90,271,139.40	6,766,924,371.28	6,551,068,587.24	78,488,565.92	6,472,580,021.32
— Contract assets on service concession projects	510,561,202.60	6,726,537.23	503,834,665.37	1,138,250,486.35	13,637,416.12	1,124,613,070.23
— Contract assets on EPC projects	6,346,634,308.08	83,544,602.17	6,263,089,705.91	5,412,818,100.89	64,851,149.80	5,347,966,951.09
Quality security deposit receivables	894,007,053.85	11,778,356.25	882,228,697.60	607,470,333.28	7,278,121.83	600,192,211.45
Receivables under service concession arrangements	3,402,218,920.03	44,823,523.84	3,357,395,396.19	2,785,249,023.25	33,370,769.34	2,751,878,253.91
Sub-total	11,153,421,484.56	146,873,019.49	11,006,548,465.07	9,943,787,943.77	119,137,457.09	9,824,650,486.68
Less: Contract assets shown in other non-current assets	4,641,788,282.96	61,083,827.49	4,580,704,455.47	4,209,227,483.91	50,298,157.30	4,158,929,326.61
Total	6,511,633,201.60	85,789,192.00	6,425,844,009.60	5,734,560,459.86	68,839,299.79	5,665,721,160.08

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract Assets (continued)

(1) Significant changes in carrying amounts of contract assets in the period

Name of Company	Project name	Change in amount	Reason for change
Customer 12	Linfen City green energy transmission and distribution project directly managed by the Group	188,996,702.34	Increase in completed but unsettled projects in this period
Customer 13	EPC general contracting for the 100MW wind power project in Daorengou, Loufan County	163,801,874.93	Increase in completed but unsettled projects in this period
Customer 14	Source-grid-load shared energy storage power station in Ying County	133,371,029.62	Increase in completed but unsettled projects in this period
Customer 15	100MW distributed photovoltaic power generation project EPC general contracting of Huaneng Yuci	130,060,544.12	Increase in completed but unsettled projects in this period
Customer 16	100,000 kW wind power project engineering general contracting (EPC) — equipment purchase project of Jingyuan Yuedian	121,029,721.38	Increase in completed but unsettled projects in this period
Customer 17	100MW photovoltaic composite power generation project EPC general contracting contract of Huaneng Fenxi	113,520,215.02	Increase in completed but unsettled projects in this period
Customer 7	350MW low calorific value coal power generation EPC general contracting project of Hequ	104,662,824.32	Increase in completed but unsettled projects in this period
Customer 18	160MW photovoltaic industry integration development project of Yuanping City	79,380,147.90	Increase in completed but unsettled projects in this period
Customer 19	Phase II 100MW photovoltaic power station project of Lan County	72,918,778.44	Increase in completed but unsettled projects in this period
Customer 20	Sludge power generation project of Wuji County Guohui New Energy Co., Ltd.	66,092,941.39	Increase in completed but unsettled projects in this period
Total		1,173,834,779.46	

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract Assets (continued)

(2) Impairment provision of contract assets

Type	Closing balance				
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Carrying amount
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	—	—	—	—	—
— Group of contract assets on service concession projects	510,561,202.60	4.58	6,726,537.23	1.32	503,834,665.37
— Group of contract assets on EPC projects	6,346,634,308.08	56.90	83,544,602.17	1.32	6,263,089,705.91
— Group of retention receivable	894,007,053.85	8.02	11,778,356.25	1.32	882,228,697.60
— Receivables under service concession arrangements	3,402,218,920.03	30.50	44,823,523.84	1.32	3,357,395,396.19
Total	11,153,421,484.56	100.00	146,873,019.49	1.32	11,006,548,465.07

Type	Balance as at the end of last year				
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	Carrying amount
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	—	—	—	—	—
— Group of contract assets on service concession projects	1,138,250,486.35	11.45	13,637,416.12	1.20	1,124,613,070.23
— Group of contract assets on EPC projects	5,412,818,100.89	54.43	64,851,149.80	1.20	5,347,966,951.09
— Group of retention receivable	607,470,333.28	6.11	7,278,121.83	1.20	600,192,211.45
— Receivables under service concession arrangements	2,785,249,023.25	28.01	33,370,769.34	1.20	2,751,878,253.91
Total	9,943,787,943.77	100.00	119,137,457.09	1.20	9,824,650,486.68

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Contract Assets (continued)

(3) Impairment provision of contract assets made, recovered or reversed during the period

Item	Opening balance	Accrual during the period	Reversal during the period	Carry-forward/write-off during the period	Closing balance	Reason
Group of contract assets on service concession projects under construction contracts	13,637,416.12		6,910,878.89	—	6,726,537.23	Provision was made based on risk group
Group of contract assets on EPC projects under construction contracts	64,851,149.80	18,693,452.37	—	—	83,544,602.17	Provision was made based on risk group
Group of warranty deposits receivable under construction contracts	7,278,121.83	4,500,234.42	—	—	11,778,356.25	Provision was made based on risk group
Receivables under service concession arrangements	33,370,769.34	11,452,754.50	—	—	44,823,523.84	Provision was made based on risk group
Total	119,137,457.09	34,646,441.29	6,910,878.89	—	146,873,019.49	

9. Other Current Assets

Item	Closing balance	Balance at the end of last year
Credit tax available for deduction	413,500,968.34	514,676,163.34
Credit tax pending verification	62,421.80	8,179,887.24
Total	413,563,390.14	522,856,050.58

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Long-term Equity Investments

Investee	Opening balance	Additional/ new investment	Decreased investment	Increase or decrease in the period			Cash dividend or profit declared	Impairment provision	Others	Balance as at December 31, 2024	Closing balance of impairment provision
				Investment gains and losses recognized under equity method	Adjustment to other comprehensive income	Change in other equity					
① Joint ventures	—	—	—	—	—	—	—	—	—	—	—
② Associates	—	—	—	—	—	—	—	—	—	—	—
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	15,179,653.30	—	—	-1,160,365.52	—	—	—	—	—	14,019,287.78	—
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	7,078,235.48	—	—	-6,845,589.14	—	—	—	—	—	232,646.34	—
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	17,302,066.61	—	—	2,489,273.91	—	—	792,240.18	—	—	18,999,100.34	—
Shanxi Construction Investment International Investment Co., Ltd.	29,503,989.21	—	—	122,103.77	—	—	—	—	—	29,626,092.98	—
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	9,773,216.24	—	—	-49,161.43	—	—	—	—	—	9,724,054.81	—
Shanxi Jiantou Cloud Data Technology Co., Ltd.	8,208,157.78	—	—	1,958,111.06	—	—	1,348,183.67	—	—	8,818,085.17	—
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	9,070,179.15	5,000,000.00	—	783,798.37	—	—	—	—	—	14,853,977.52	—
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,051,485.09	—	—	4,349.64	—	—	—	—	—	89,055,834.73	—
Taiyuan Xie'an Property Service Co., Ltd.	1,628,497.23	—	—	44,921.48	—	—	72,238.02	—	—	1,601,180.69	—
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,308,496.76	—	—	5,491.92	—	—	—	—	—	8,313,988.68	—
Shanxi Hangchan Energy Co., Ltd.	—	15,000,000.00	—	361.91	—	—	—	—	—	15,000,361.91	—
Sub-total	195,103,976.85	20,000,000.00	—	-2,646,704.03	—	—	2,212,661.87	—	—	210,244,610.95	—
Total	195,103,976.85	20,000,000.00	—	-2,646,704.03	—	—	2,212,661.87	—	—	210,244,610.95	—

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Investments in Other Equity Instruments

Item	Closing balance	Balance at the end of last year
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,043,777.82	1,037,436.00
Shanxi Jiantou Decoration Industry Co., Ltd.	6,959,200.55	9,142,926.00
Shanxi Jiantou Construction Industry Co., Ltd.	52,978,982.17	82,176,703.56
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	86,849,556.08	50,169,278.95
Total	147,831,516.62	142,526,344.51

The above unlisted equity investments are designated as financial assets measured at FVOCI (non-revolving) as these investments are held for long-term strategic purposes. Please refer to Note 9 for the details of changes in fair value.

Item	Dividend income recognized for the period	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reason for transfer
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	—	359,777.82	—	—	The Company plans to hold for a long term for strategic purposes
Shanxi Jiantou Decoration Industry Co., Ltd.	—	959,200.55	—	—	The Company plans to hold for a long term for strategic purposes
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	—	17,918,913.96	—	—	The Company plans to hold for a long term for strategic purposes
Shanxi Jiantou Construction Industry Co., Ltd.	—	6,945,018.89	—	—	The Company plans to hold for a long term for strategic purposes

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Investment Properties

(1) Investment properties measured at fair value

Item	Houses and buildings	Land use rights	Total
I. Opening balance	186,805,415.00	—	186,805,415.00
II. Increase in the period	—	—	—
(1) Additions	—	—	—
(2) Transfer from fixed assets	—	—	—
III. Decrease in the period	—	—	—
IV. Change in fair value	916,685.00	—	916,685.00
V. Closing balance	187,722,100.00	—	187,722,100.00

The Company's investment properties consist of three commercial properties located in Taiyuan, Datong and Jinzhong, Shanxi in Mainland China. As at December 31, 2024, the fair values of the investment properties of the Company were assessed by an independent professional qualified valuer.

As at December 31, 2024, the Company had no investment properties that were pledged to secure the bank borrowings and other borrowings of the Company.

(2) Investment properties pending certificates of ownership
Nil.

13. Fixed Assets

Item	Closing balance	Balance at the end of last year
Fixed assets	1,077,794,009.03	835,139,676.35
Disposal of fixed assets	—	—
Total	1,077,794,009.03	835,139,676.35

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed Assets (continued)

(1) Fixed assets

Item	Contractual energy management	Houses and buildings	Construction machinery	Transportation and production equipment	Office equipment and others	Total
I. Original carrying amount						
1. Opening balance	366,951,992.73	610,959,850.05	11,576,075.27	303,794,369.06	68,726,097.07	1,362,008,384.18
2. Increase in the period	—	154,381,325.53	603,061.94	172,123,673.57	4,246,036.04	331,354,097.08
(1) Purchases	—	2,178,964.63	603,061.94	19,433,352.73	3,661,289.14	25,876,668.44
(2) Transfer from construction in progress	—	152,202,360.90	—	152,690,320.84	584,746.90	305,477,428.64
(3) Increase in business combinations	—	—	—	—	—	—
(4) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	37,255,865.20	549,085.96	2,050,000.39	1,405,372.00	41,260,323.55
(1) Disposals or retirement	—	37,255,865.20	549,085.96	2,050,000.39	1,405,372.00	41,260,323.55
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	366,951,992.73	728,085,310.38	11,630,051.25	473,868,042.24	71,566,761.11	1,652,102,157.71
II. Accumulated depreciation						
1. Opening balance	280,199,167.96	137,481,599.94	3,730,048.14	60,410,218.40	45,047,673.38	526,868,707.82
2. Increase in the period	31,552,092.98	25,184,534.02	1,192,158.55	19,952,232.11	8,852,837.60	86,733,855.26
(1) Accrual	31,552,092.98	25,184,534.02	1,192,158.55	19,952,232.11	8,852,837.60	86,733,855.26
(2) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	35,799,439.42	101,474.84	2,042,575.43	1,350,924.71	39,294,414.40
(1) Disposals or retirement	—	35,799,439.42	101,474.84	2,042,575.43	1,350,924.71	39,294,414.40
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	311,751,260.94	126,866,694.54	4,806,661.41	78,537,899.20	52,345,632.59	574,308,148.68
III. Impairment provision						
1. Opening balance	—	—	—	—	—	—
2. Increase in the period	—	—	—	—	—	—
(1) Accrual	—	—	—	—	—	—
(2) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—	—
(1) Disposals or retirement	—	—	—	—	—	—
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	—	—	—	—	—	—
IV. Carrying amount						
1. Carrying amount at the end of the period	55,200,731.79	601,218,615.84	6,823,389.84	395,330,143.04	19,221,128.52	1,077,794,009.03
2. Carrying amount at the beginning of the period	86,752,824.77	473,478,250.11	7,846,027.13	243,384,150.66	23,678,423.69	835,139,676.36

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed Assets (continued)

(2) *Pledged or guaranteed fixed assets of the Company in the period.*

Item	Original carrying amount	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Houses and buildings	254,938,303.90	17,962,700.95	—	236,975,602.95	

(3) *Fixed assets that are temporarily idle*
Nil.

(4) *Fixed assets leased out through operating leases*

Item	Carrying amount
Houses and buildings	10,993,975.26
Construction machinery	1,672,805.64
Transportation and production equipment	188,187.76
Office equipment and others	12,537.96
Total	12,867,506.62

(5) *Fixed assets pending certificates of ownership*

Item	Carrying amount	Reason for failure
Houses and buildings	265,102,371.94	Processing

14. Construction in Progress

Item	Closing balance	Balance at the end of last year
Construction in progress	203,907,121.63	413,231,580.47
Engineering materials	—	—
Total	203,907,121.63	413,231,580.47

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in Progress (continued)

(1) Breakdown of construction in progress

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Net carrying amount	Balance	Impairment provision	Net carrying amount
Combined heat supply project of Chahar Right Rear Banner Shan'an Thermal Power Phase I	—	—	—	275,284,269.23	—	275,284,269.23
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	156,036,878.22	—	156,036,878.22	123,447,678.45	—	123,447,678.45
Jinzhong urban construction waste resource utilization concession project Phase I	47,225,371.32	—	47,225,371.32	13,861,484.52	—	13,861,484.52
Other miscellaneous projects	644,872.09	—	644,872.09	638,148.27	—	638,148.27
Total	203,907,121.63	—	203,907,121.63	413,231,580.47	—	413,231,580.47

(2) Changes in significant construction in progress

Project name	Opening balance	Increase in the period	Transfer into fixed assets	Other decrease	Accumulative capitalized interest	Including: Capitalized interest in the period	Interest capitalization ratio in the period %	Closing balance
Combined heat supply project of Chahar Right Rear Banner Shan'an Thermal Power Phase I	275,284,269.23	30,193,159.41	305,477,428.64	—	10,711,500.00	5,800,074.31	2.15	—
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	123,447,678.45	32,589,199.77	—	—	15,739,892.91	—	—	156,036,878.22
Jinzhong urban construction waste resource utilization concession project Phase I	13,861,484.52	33,363,886.80	—	—	—	410,229.13	3.90	47,225,371.32
Total	412,593,432.20	96,146,245.98	305,477,428.64	—	26,451,392.91	6,210,303.44	—	203,262,249.54

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in Progress (continued)

(2) Changes in significant construction in progress (continued)

Project name	Budget	Proportion of total construction investment to budget %	Construction progress %	Source of fund
Combined heat supply project of Chahar Right Rear Banner Shan'an Thermal Power Phase I	418,326,727.27	77.96	100.00	Self-raised
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	142,860,000.00	109.22	100.00	Self-raised+financing
Jinzhong urban construction waste resource utilization concession project Phase I	83,469,700.00	56.58	56.58	Self-raised+fundraising
Total	644,656,427.27	—	—	—

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Right-of-use Assets

Item	Land use rights	Houses and buildings	Machinery, transportation and office equipment	Total
I. Original carrying amount:				
1. Opening balance	36,092,668.13	125,510,094.51	37,512,218.81	199,114,981.45
2. Increase in the period	—	3,025,913.55	—	3,025,913.55
(1) Lease	—	3,025,913.55	—	3,025,913.55
(2) Adjustment to lease liabilities	—	—	—	—
3. Decrease in the period	—	6,754,182.77	—	6,754,182.77
(1) Transfer of leases to finance leases	—	—	—	—
(2) Transfer or held for sale	—	—	—	—
(3) Other decrease	—	6,754,182.77	—	6,754,182.77
4. Closing balance	36,092,668.13	121,781,825.29	37,512,218.81	195,386,712.23
II. Accumulated depreciation				
1. Opening balance	2,298,660.55	24,736,447.79	1,136,733.90	28,171,842.24
2. Increase in the period	2,482,139.40	11,391,768.03	6,820,403.41	20,694,310.84
(1) Accrual	2,482,139.40	11,391,768.03	6,820,403.41	20,694,310.84
(2) Other increase	—	—	—	—
3. Decrease in the period	—	6,597,998.18	—	6,597,998.18
(1) Transfer of leases to finance leases	—	—	—	—
(2) Transfer or held for sale	—	—	—	—
(3) Other decrease	—	6,597,998.18	—	6,597,998.18
4. Closing balance	4,780,799.95	29,530,217.64	7,957,137.31	42,268,154.90
III. Impairment provision				
1. Opening balance	—	—	—	—
2. Increase in the period	—	—	—	—
(1) Accrual	—	—	—	—
(2) Other increase	—	—	—	—
3. Decrease in the period	—	—	—	—
(1) Transfer of leases to finance leases	—	—	—	—
(2) Transfer or held for sale	—	—	—	—
(3) Other decrease	—	—	—	—
4. Closing balance	—	—	—	—
IV. Carrying amount				
1. Carrying amount at the end of the period	31,311,868.18	92,251,607.65	29,555,081.50	153,118,557.33
2. Carrying amount at the beginning of the period	33,794,007.58	100,773,646.72	36,375,484.91	170,943,139.21

Explanations:

- As at December 31, 2024, the Company had a total of 23 lease agreements for the purpose of, inter alia, two existing centralized heating facilities for a lease term of 15 to 29 years, 7 pieces of land for a lease term of 5 to 20 years, 13 office buildings for a lease term of 2 to 23 years and a set of machinery for a lease term of 5.5 years.
- See Note V.59 for lease expenses recognized by the Company in relation to short-term leases and leases of low-value assets.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Intangible Assets

Item	Land use rights	Concession right	Patent rights	Software	Data resources	Total
I. Original carrying amount						
1. Opening balance	135,054,012.59	55,000,000.00	627,332.85	3,413,911.02	—	194,095,256.46
2. Increase in the period	891,325.17	—	100,000.00	282,143.06	179,245.28	1,452,713.51
(1) Purchases	891,325.17	—	100,000.00	282,143.06	179,245.28	1,452,713.51
(2) Internal research and development	—	—	—	—	—	—
(3) Increase in business combinations	—	—	—	—	—	—
(4) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—	—
(1) Disposals	—	—	—	—	—	—
(2) Invalid and derecognized portion	—	—	—	—	—	—
(3) Other decrease	—	—	—	—	—	—
4. Closing balance	135,945,337.76	55,000,000.00	727,332.85	3,696,054.08	179,245.28	195,547,969.97
II. Accumulated amortization						
1. Opening balance	11,809,584.18	763,888.89	190,642.92	3,022,552.91	—	15,786,668.90
2. Increase in the period	2,825,948.26	1,922,892.72	44,868.31	281,143.05	8,962.26	5,083,814.60
(1) Accrual	2,825,948.26	1,922,892.72	44,868.31	281,143.05	8,962.26	5,083,814.60
(2) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—	—
(1) Disposals	—	—	—	—	—	—
(2) Invalid and derecognized portion	—	—	—	—	—	—
(3) Other decrease	—	—	—	—	—	—
4. Closing balance	14,635,532.44	2,686,781.61	235,511.23	3,303,695.96	8,962.26	20,870,483.50
III. Impairment provision						
1. Opening balance	—	—	—	—	—	—
2. Increase in the period	—	—	—	—	—	—
(1) Accrual	—	—	—	—	—	—
(2) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—	—
(1) Disposals	—	—	—	—	—	—
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	—	—	—	—	—	—
IV. Carrying amount						
1. Carrying amount at the end of the period	121,309,805.32	52,313,218.39	491,821.62	392,358.12	170,283.02	174,677,486.47
2. Carrying amount at the beginning of the period	123,244,428.41	54,236,111.11	436,689.93	391,358.11	—	178,308,587.56

Explanations:

- (1) Jinzhong Lide, a subsidiary of the Company, pledged a piece of land use right for borrowings from China Construction Bank.
- (2) Land use rights pending certificates of ownership: Nil.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Goodwill

Name of investee or matters forming goodwill	Opening balance	Increase in the period Arising from		Decrease in the period		Closing balance (Unaudited)
		business combination	Others	Disposals	Others	
Shanxi Ningyang Energy Co., Ltd.	15,000,000.00	—	—	—	—	15,000,000.00
Total	15,000,000.00	—	—	—	—	15,000,000.00

On April 3, 2018, the Company acquired 51% equity interest of Shanxi Ningyang Energy Co., Ltd. from two independent third parties, resulting in goodwill of RMB15,000,000.00.

The Company conducted impairment assessment of goodwill at the end of each year by engaging independent professional valuers to evaluate the recoverable amount of the entire shareholders' equity interest of Shanxi Ningyang, and issued the asset evaluation reports. The income approach is used for valuation. The assessment is based on the estimated cash flow forecast in the next 5 years based on the financial budget approved by the management. The terminal growth rate of the cash flow forecast adopted in the following years is 0% for prudence sake. The pre-tax discount rate adopted as at December 31, 2024 was 11.96% (2023: 11.43%) respectively. The management prepared the above financial budgets based on past performance and its expectations for market development. The present value of future cash flows reflects the risk relative to the segment concerned.

Based on the results of the impairment assessment of goodwill, the recoverable amounts of RMB251,428,641.99 (2023: RMB274,943,000.00) is greater than its carrying amounts of RMB226,750,295.88 (2023: RMB238,814,000.00) as at December 31, 2024. Based on the results of the impairment test of goodwill, in the opinion of the management of the Company, no impairment provision is considered necessary for the Company's goodwill as at December 31, 2024 (2023: Nil). Management believes that any reasonably possible changes to the key assumptions applied would not lead to impairment of goodwill as at December 31, 2024.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Goodwill (continued)

The sensitivity analysis as at December 31, 2024 and December 31, 2023 set forth below has been determined based on the exposure to the pre-tax discount rate and five-year period growth rate, representing the key inputs to the determination of the recoverable amounts. The management performed the sensitivity analysis assuming the above-mentioned key assumptions have been changed. Had the estimated key assumptions been changed as below, the headroom would be increased/decreased by:

	Closing balance	Balance at the end of last year
Five-year period growth rate increased by 2%	30,370,258.01	38,379,000.00
Five-year period growth rate decreased by 2%	-28,487,141.99	-35,734,000.00
Pre-tax discount rate decreased by 0.5%	10,595,558.01	11,766,000.00
Pre-tax discount rate increased by 0.5%	-9,757,141.99	-10,753,000.00

18. Long-term Deferred Expenses

Item	Balance at the end of last year	Increase in the period	Decrease in the period Amortization in the period	Other decrease	Closing balance
Prepaid employees housing subsidies	2,276,666.55	—	2,210,000.01	—	66,666.54
Expenditure in relation to improvement and maintenance of fixed assets	—	138,693.07	12,380.21	—	126,312.86
Total	2,276,666.55	138,693.07	2,222,380.22	—	192,979.40

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred Income Tax Assets and Deferred Income Tax Liabilities

(1) Deferred income tax assets and deferred income tax liabilities not subject to offset

Item	Closing balance		Balance at the end of last year	
	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities
Deferred income tax assets:				
Provision for asset impairment	644,409,075.71	104,921,995.06	552,595,827.02	91,046,168.72
Unrealized profit of internal transaction	94,406,007.20	14,160,901.08	86,055,247.27	12,908,287.09
Remeasurement of defined benefit plan	6,861,906.93	1,029,286.04	3,061,907.00	459,286.05
Lease transactions included in lease liabilities	157,180,330.35	35,230,670.24	162,546,770.41	38,064,192.05
Sub-total	902,857,320.19	155,342,852.42	804,259,751.70	142,477,933.91
Deferred income tax liabilities:				
Lease transactions included in right-of-use assets	151,962,033.00	33,902,037.80	146,304,938.57	37,634,307.25
Changes in fair value of investment properties	24,286,567.13	3,642,985.07	23,369,882.13	3,505,482.32
Conversion of self-use properties into investment properties	78,894,424.37	11,649,318.82	77,662,125.47	11,649,318.82
Changes in fair value of investment in other equity instruments	26,182,911.22	3,927,436.68	20,877,739.07	3,131,660.86
Sub-total	281,325,935.72	53,121,778.37	268,214,685.24	55,920,769.25

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

(2) Deferred income tax assets or liabilities presented at net amount after offsetting

Item	Offsetting amount at the end of the period between deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offsetting	Offsetting amount at the end of last year between deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting at the end of last year
Deferred income tax assets	1,232,298.90	24,149,294.68	—	21,310,398.91
Deferred income tax liabilities	1,232,298.90	57,439,772.92	—	54,485,702.39

(3) Breakdown of deductible temporary differences and deductible losses on unrecognized deferred income tax assets

Item	Closing balance	Balance at the end of last year
Deductible temporary differences	—	—
Deductible losses	15,964,754.61	32,710,000.00
Total	15,964,754.61	32,710,000.00

(4) The deductible losses on unrecognized deferred income tax assets will mature in the following years

Year	Closing balance	Balance at the end of last year	Remark
2024	—	1,034,490.38	
2025	—	293,354.65	
2026	658,457.81	2,781,490.38	
2027	1,052,506.02	3,739,468.48	
2028	1,828,795.10	24,861,196.11	
2029	12,424,995.68	—	
Total	15,964,754.61	32,710,000.00	

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Other Non-current Assets

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Long-term contract assets	3,747,781,229.11	49,305,471.24	3,698,475,757.87	3,601,757,150.63	43,020,035.47	3,558,737,115.16
Security deposits	894,007,053.85	11,778,356.25	882,228,697.60	607,470,333.28	7,278,121.83	600,192,211.45
Payment for prepaid construction and equipment fees	550,000.00	—	550,000.00	—	—	—
Temporary facilities	3,497,267.44	—	3,497,267.44	—	—	—
Total	4,645,835,550.40	61,083,827.49	4,584,751,722.91	4,209,227,483.91	50,298,157.30	4,158,929,326.61

21. Assets Subject to Restrictions of Ownership or Right-of-Use

Item	Carrying amount at the end of the period		Type of restriction	Condition of restriction
	Balance			
Cash	425,994,913.32	425,994,913.32	Frozen, pledged notes, pledged letter of credit, performance security deposits	Restricted
Receivables	137,967,190.91	135,995,115.79	Pledged borrowings	Restricted
Contract assets	3,502,348,983.23	3,456,206,264.46	Pledged borrowings	Restricted
Fixed assets	236,975,602.95	236,975,602.95	Pledged borrowings	Restricted
Intangible assets	7,972,612.66	7,972,612.66	Pledged borrowings	Restricted
Total	4,311,259,303.07	4,263,144,509.18		

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Assets Subject to Restrictions of Ownership or Right-of-Use (continued)

Continued:

Type	Balance	Carrying amount at the end of the period	Type of restriction	Condition of restriction
Cash	546,383,336.31	546,383,336.31	Frozen, pledged notes, pledged letter of credit, performance security deposits	Restricted
Receivables	1,113,665,014.57	1,051,522,506.76	Pledged borrowings	Restricted
Contract assets	2,951,876,036.54	2,916,453,524.10	Pledged borrowings	Restricted
Total	4,611,924,387.42	4,514,359,367.17		

22. Short-term Borrowings

Item	Closing balance	Balance at the end of last year
Pledged borrowings	310,285,351.74	33,080,250.00
Secured borrowings	—	—
Guaranteed borrowings	—	—
Credit borrowings	2,090,360,889.32	2,410,038,051.63
Total	2,400,646,241.06	2,443,118,301.63

(1) The Company's pledged borrowings of RMB310,285,351.74 with annual interest rates ranging from 4.00% to 4.50% from non-banking financial institutions were secured by trade receivables, for a term from April 26, 2024 to June 22, 2025.

(2) The Company's credit borrowings of RMB2,088,306,319.85 with annual interest rates ranging from 1.1% to 3.98% from banks, for a term from February 5, 2024 to December 13, 2025.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Notes Payables

Type	Closing balance	Balance at the end of last year
Commercial promissory notes	650,000,000.00	1,374,330,000.00
Bank promissory notes	1,238,382,526.60	—
Total	1,888,382,526.60	1,374,330,000.00

24. Trade Payables

(1) Disclosure by nature of amount

Item	Closing balance	Balance at the end of last year
Payment for materials	5,849,334,655.97	5,301,221,261.28
Payment for construction	1,274,669,091.31	1,342,385,369.04
Payment for equipment	58,762,718.18	24,289,637.95
Service fees	95,745,226.50	150,501,093.91
Labor service fees	1,721,699,344.84	1,721,066,453.62
Lease payments	492,212,074.97	480,364,894.94
Total	9,492,423,111.77	9,019,828,710.74

(2) The aging analysis presented based on the recording date is as follows:

Item	Closing balance	Balance at the end of last year
Within 1 year	6,451,451,529.41	6,252,429,061.32
1 to 2 years	1,716,575,600.29	1,606,704,303.54
2 to 3 years	675,728,912.57	769,864,911.43
Over 3 years	648,667,069.50	390,830,434.45
Total	9,492,423,111.77	9,019,828,710.74

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Trade Payables (continued)

(2) The aging analysis presented based on the recording date is as follows: (continued)

Including: significant trade payables aged over 1 year

Item	Closing balance	Reasons for non-repayment or non-carry-forward
Company 11	131,140,014.17	Payment conditions not satisfied yet
Company 12	109,371,590.39	Payment conditions not satisfied yet
Company 3	105,522,159.68	Payment conditions not satisfied yet
Company 13	98,696,638.70	Payment conditions not satisfied yet
Company 14	94,789,085.70	Payment conditions not satisfied yet
Company 15	80,330,400.01	Payment conditions not satisfied yet
Company 16	49,707,344.95	Payment conditions not satisfied yet
Company 17	40,484,148.94	Payment conditions not satisfied yet
Company 18	24,205,588.03	Payment conditions not satisfied yet
Company 19	23,396,224.17	Payment conditions not satisfied yet
Company 20	21,665,020.52	Payment conditions not satisfied yet
Company 21	20,583,666.92	Payment conditions not satisfied yet
Company 22	20,525,318.44	Payment conditions not satisfied yet
Total	820,417,200.62	

25. Contract Liabilities

Item	Closing balance	Balance at the end of last year
Within one year	1,131,972,921.92	1,239,713,523.32
Over one year	225,057,642.30	142,715,827.62
Total	1,357,030,564.22	1,382,429,350.94

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Employee Remuneration Payables

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Short-term remuneration	76,677,679.92	536,724,144.36	534,865,205.77	78,536,618.51
Post-employment benefits — defined contribution plan	166,163.29	86,069,398.17	85,916,842.86	318,718.60
Termination benefits	3,360,000.00	—	140,000.00	3,220,000.00
Post-employment benefits due within one year — liabilities in defined benefit plan	3,100,000.00	—	80,000.00	3,020,000.00
Termination benefits due within one year — liabilities in defined benefit plan	260,000.00	—	60,000.00	200,000.00
Total	80,203,843.21	622,793,542.53	620,922,048.63	82,075,337.11

(1) Short-term remuneration

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Salaries, bonuses, allowances and subsidies	60,994,250.57	426,666,724.94	420,793,918.13	66,867,057.38
Employee welfare	1,242,320.21	21,797,057.28	22,857,939.79	181,437.70
Social insurance	2,440,456.67	41,717,190.89	43,870,402.46	287,245.10
Including: 1. Medical insurance	2,423,942.48	35,318,214.18	37,473,845.27	268,311.39
2. Work-related injury insurance	16,514.19	6,398,976.71	6,396,557.19	18,933.71
Housing provident fund	3,717,003.64	29,327,631.64	29,226,430.44	3,818,204.84
Union fund and employee education fund	4,435,758.09	16,435,121.25	13,488,205.85	7,382,673.49
Others	3,847,890.74	780,418.36	4,628,309.10	—
Total	76,677,679.92	536,724,144.36	534,865,205.77	78,536,618.51

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Employee Remuneration Payables (continued)

(2) Defined contribution plan

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Post-employment benefits	166,163.29	86,069,398.17	85,916,842.86	318,718.60
Including: Basic pension insurance	145,144.29	83,252,153.56	83,107,928.67	289,369.18
Unemployment insurance	21,019.00	2,817,244.61	2,808,914.19	29,349.42
Enterprise annuity payment	—	—	—	—
Others	—	—	—	—
Total	166,163.29	86,069,398.17	85,916,842.86	318,718.60

(3) Termination benefits

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
1. Compensation paid for termination of employment	260,000.00	—	60,000.00	200,000.00
2. Budgeted expenses for internal retirement	3,100,000.00	—	80,000.00	3,020,000.00
Total	3,360,000.00	—	140,000.00	3,220,000.00

27. Tax Payables

Tax	Closing balance	Balance at the end of last year
Corporate income tax	26,497,121.62	28,952,134.57
Value-added tax	11,531,661.24	15,337,842.02
Individual income tax	12,490,476.91	12,606,818.13
City maintenance and construction tax	2,293,256.32	2,340,915.42
Educational surcharge	1,192,453.31	1,282,301.49
Property tax	103,612.09	859,612.09
Price regulating funds payable	362,604.34	362,604.34
Land use tax	55,900.07	180,827.72
Stamp duty	22,109.27	53,228.70
Local educational surcharge	97,426.85	50,487.68
Other taxes	2,907,776.35	2,827,592.24
Total	57,554,398.37	64,854,364.40

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Other Payables

Item	Closing balance	Balance at the end of last year
Interest payables	—	—
Dividend payables	71,677,949.99	71,677,949.99
Other payables	511,716,356.40	822,259,031.43
Total	583,394,306.39	893,936,981.42

(1) Dividend payables

Item	Closing balance	Balance at the end of last year
Shanxi Construction Investment Group Co., Ltd.	70,244,390.99	70,244,390.99
Shanghai Rongda Investment Management Co., Ltd.	1,433,559.00	1,433,559.00
Total	71,677,949.99	71,677,949.99

Significant dividend payables past due over 1 year:

Name of shareholder	Dividend payables	Reason for non-payment
Shanxi Construction Investment Group Co., Ltd.	70,244,390.99	Unpaid yet
Shanghai Rongda Investment Management Co., Ltd.	1,433,559.00	Unpaid yet
Total	71,677,949.99	

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Other Payables (continued)

(2) Other payables

Item	Closing balance	Balance at the end of last year
Security deposits received	31,094,454.19	32,156,766.92
Amounts due to related parties	169,345,601.88	513,766,317.72
Amounts due to employees	106,697,343.73	100,315,014.52
Withholding and payment of social insurance and tax on behalf of individuals	4,018,166.90	13,771,897.86
Other payables	200,560,789.70	162,249,034.41
Total	511,716,356.40	822,259,031.43

Including: significant other payables aged over 1 year

Item	Closing balance	Reasons for non-repayment or non-carry-forward
Entity 17	140,174,769.07	Payment conditions not satisfied yet
Entity 21	27,222,713.58	Payment conditions not satisfied yet
Entity 22	7,962,805.08	Payment conditions not satisfied yet
Entity 23	6,254,583.77	Payment conditions not satisfied yet
Entity 24	6,240,000.00	Payment conditions not satisfied yet
Total	187,854,871.50	

29. Non-current Liabilities Due within One Year

Item	Closing balance	Balance at the end of last year
Long-term borrowings due within one year	747,368,112.06	436,581,823.79
Long-term payables due within one year	—	300,000,000.00
Lease liabilities due within one year	20,504,677.51	11,835,227.37
Total	767,872,789.57	748,417,051.16

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Non-current Liabilities Due within One Year (continued)

(1) Long-term borrowings due within one year

Item	Closing balance	Balance at the end of last year
Pledged borrowings	510,537,789.99	386,004,560.73
Secured borrowings	22,527,698.00	—
Guaranteed borrowings	3,500,000.00	43,988,857.76
Credit borrowings	201,600,000.00	—
Accrued but unpaid interest expenses	9,202,624.07	6,588,405.30
Total	747,368,112.06	436,581,823.79

- (1) The Company's pledged borrowings of RMB102,000,000.00 with an annual interest rate of 5.78% from non-banking financial institutions were secured by trade receivables, for a term from May 5, 2024 to February 5, 2026.
- (2) The Company's pledged borrowings of RMB210,275,000.00 with annual interest rates ranging from 3.85% to 5.19% from banks were secured by contract assets under service concession arrangements of Gaoping Shan'an, Linfen Shan'an, Huguan Shan'an, Xinjiang Shan'an, Qinshui Jianfa and Xiyang Shan'an, for a term from October 30, 2018 to September 23, 2044.
- (3) The Company's pledged borrowings of RMB193,760,466.83 with annual interest rates ranging from 4.10% to 10.00% from banks and non-banking financial institutions were secured by certain device components controlled by customers, for a term from March 18, 2022 to January 19, 2027.
- (4) The Company's pledged borrowings of RMB3,502,323.16 with annual interest rates ranging from 3.35% to 5.50% from banks were secured by the rights to electricity fee income, for a term from October 27, 2022 to March 19, 2034.
- (5) The pledged borrowings of Jinzhong Lide, a subsidiary of the Company, of RMB1,000,000.00 with an annual interest rate of 3.9% from banks were secured by land use rights, for a term from September 12, 2024 to June 24, 2034.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Non-current Liabilities Due within One Year (continued)

(2) Long-term payables due within one year

Item	Closing balance	Balance at the end of last year
Shanxi Xiaohe Construction Industry Co., Ltd.	—	300,000,000.00
Total	—	300,000,000.00

Explanation: The Company borrowed RMB300,000,000.00 from Shanxi Xiaohe Construction Industry Co., Ltd., a related party controlled by Shanxi CIG, at an interest rate of 9.7% per annum for a period from May 30, 2019 to April 11, 2024, without collateral, for the development and construction of the park. Such borrowings were repaid in full in April 2024.

30. Other Current Liabilities

Item	Closing balance	Balance at the end of last year
Output tax to be transferred	751,961,721.32	795,457,485.34
Endorsed bill payables	120,629,206.86	203,797,521.76
Total	872,590,928.18	999,255,007.10

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Long-term Borrowings

Item	Closing balance	Interest rate range	Balance at the end of last year	Interest rate range
Pledged borrowings	3,214,785,477.48	3.35-10.00	3,114,576,329.72	3.90-10.00
Secured borrowings	172,175,986.83	4.10	177,003,350.83	6.15
Guaranteed borrowings	3,500,000.00	3.45	10,500,000.00	3.65
Credit borrowings	318,613,087.13	3.20-4.65	200,000,000.00	4.65
Accrued but unpaid interest expenses	9,202,624.07	—	6,588,405.30	—
Sub-total	3,718,277,175.51	—	3,508,668,085.85	—
Including: Borrowings from non-banking financial institutions	514,194,759.21	4.70-10.00	143,734,000.00	4.70-10.00
Less: Long-term borrowings due within one year	747,368,112.06	—	436,581,823.79	—
Total	2,970,909,063.45	—	3,072,086,262.06	—

- (1) The Company's pledged borrowings of RMB131,750,000.00 with an annual interest rate of 5.78% from non-banking financial institutions were secured by trade receivables, for a term from May 5, 2024 to February 5, 2026.
- (2) The Company's pledged borrowings of RMB2,640,068,201.05 with annual interest rates ranging from 3.40% to 5.19% from banks were secured by contract assets under service concession arrangements of Gaoping Shan'an, Linfen Shan'an, Huguan Shan'an, Xinjiang Shan'an, Qinshui Jianfa and Xiyang Shan'an, for a term from October 30, 2018 to October 29, 2044.
- (3) The Company's pledged borrowings of RMB372,716,905.33 with annual interest rates ranging from 4.70% to 10.00% from banks and non-banking financial institutions were secured by certain device components controlled by customers, for a term from March 18, 2022 to January 19, 2027.
- (4) The Company's pledged borrowings of RMB36,135,682.83 with annual interest rates ranging from 3.35% to 5.50% from banks were secured by the rights to electricity fee income, for a term from October 27, 2022 to March 19, 2034.
- (5) The secured borrowings of Shan'an Lide, a subsidiary of the Company, of RMB172,175,986.83 with an annual interest rate of 4.10% from banks were secured by houses and buildings, for a term from January 2, 2024 to January 2, 2030.
- (6) The pledged borrowings of Jinzhong Lide, a subsidiary of the Company, of RMB34,114,688.27 with an annual interest rate of 3.9% from banks were secured by land use rights, for a term from September 12, 2024 to June 24, 2034.
- (7) The borrowings of Shanxi Ningyang, a subsidiary of the Company, of RMB3,500,000.00 with an annual interest rate of 3.45% from banks were guaranteed by the Company, for a term from March 30, 2020 to March 19, 2025.
- (8) The Company's credit borrowings of RMB318,613,087.13 with annual interest rates ranging from 3.20% to 4.65% were secured from banks for a term from August 12, 2022 to November 27, 2027.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Lease Liabilities

Item	Closing balance	Balance at the end of last year
Lease payments	226,289,269.01	242,564,290.22
Less: Unrecognized finance costs	65,700,604.05	73,320,975.74
Sub-total	160,588,664.96	169,243,314.48
Less: Non-current liabilities due within one year	20,504,677.51	11,835,227.37
Total	140,083,987.45	157,408,087.11

Explanation: The interest expenses on lease liabilities accrued for 2024 amounted to RMB3,331,021.80 and were included in interest expenses under finance expenses.

33. Long-term Employee Remuneration Payables

Item	Closing balance	Balance at the end of last year
Net liabilities in defined benefit plan	32,030,000.00	30,490,000.00
Termination benefits	1,470,000.00	1,660,000.00
Net liabilities on other long-term employee benefits satisfying conditions for defined benefit plan	—	—
Other long-term benefits	—	—
Sub-total	33,500,000.00	32,150,000.00
Less: Long-term employee remuneration payables due within one year — Post-employment benefits	3,020,000.00	3,100,000.00
Less: Long-term employee remuneration payables due within one year — Termination benefits	200,000.00	260,000.00
Total	30,280,000.00	28,790,000.00

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Long-term Employee Remuneration Payables (continued)

(1) Changes in defined benefit plan

Present value of the defined benefit plan obligation:

Item	Closing balance	Balance at the end of last year
I. Opening balance	30,490,000.00	32,460,000.00
II. Defined benefit cost recognized in current profit or loss	1,070,000.00	860,000.00
1. Service cost for current period	—	—
2. Historical service cost	350,000.00	—
3. Gains on settlement (losses are expressed in “—”)	—	—
4. Net interest	720,000.00	860,000.00
III. Defined benefit cost recognized in other comprehensive income	3,800,000.00	330,000.00
1. Actuarial gains (losses are expressed in “—”)	3,800,000.00	330,000.00
IV. Other changes	3,330,000.00	3,160,000.00
1. Liabilities eliminated upon settlement	—	—
2. Benefits paid	3,330,000.00	3,160,000.00
V. Closing balance	32,030,000.00	30,490,000.00

Net liabilities in defined benefit plan:

Item	Closing balance	Balance at the end of last year
I. Opening balance	30,490,000.00	32,460,000.00
II. Net interest	720,000.00	860,000.00
III. Benefits paid	-3,330,000.00	-3,160,000.00
IV. Actuarial losses (gains)	3,800,000.00	330,000.00
V. Historical service cost	350,000.00	—
VI. Service cost for current period	—	—
VII. Closing balance	32,030,000.00	30,490,000.00

In addition to the basic pension insurance provided by the local government, the Company also provides supplementary pension insurance plans and other comprehensive retirement benefit plans for employees retired since the obligation has transferred from Shanxi CIG as at December 31, 2024. The plans are accounted for as a long-term defined benefits obligation and does not have any plan assets. These plans include monthly living subsidies for employees after their retirement. The Company no longer provides (pays) any supplementary retirement benefits (including supplementary benefits such as retirement salaries, subsidies, medical care) for employees retired since May 1, 2022.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Long-term Employee Remuneration Payables (continued)

(1) Changes in defined benefit plan (continued)

The Company engaged an independent actuary, Towers Watson (Shenzhen) Consulting Co., Ltd., to estimate the present value of its above retirement benefit plan obligations using the actuarial method based on the expected cumulative benefit unit method. Towers Watson (Shenzhen) Consulting Co., Ltd. is an actuarial institution with professional certification qualifications and a member of the American Academy of Actuaries. The plan estimates future cash outflows based on inflation rate and mortality rate assumptions and determines its present value at a discount rate. The discount rate is determined based on the market yield of the national debt that matches the term and currency of the obligations of defined benefit plan on the balance sheet date.

The defined benefit plan exposes the Company to actuarial risks, including interest rate risk, longevity risk and inflation risk. A decrease in the rate of return of national debt will result in an increase in the present value of the defined benefit plan obligations. The present value of the defined benefit plan obligations is calculated based on the optimal estimate of the mortality rate of the participating employees, and an increase in the life expectancy of the plan members will result in an increase in the liabilities in the plan. In addition, the present value of the defined benefit plan obligation is related to the planned future payment standard, and the payment standard is determined based on the inflation rate. Therefore, the increase in the inflation rate will also result in an increase in the liabilities in the plan.

(2) Actuarial assumption

Item	Closing balance	Balance at the end of last year
Discount rate	1.25–1.75% China Life Insurance Mortality Table (2010–2013)	2.50% China Life Insurance Mortality Table (2010–2013)
Mortality rate	5.00%	5.00%
Expected life on average	4.00%	4.00%
Termination rate of employees	1.25–1.75%	2.50%
Expected growth rate of remuneration		

(3) Sensitivity analysis

Item	Assumed change	Impact on the present value of defined benefit obligations	
		Increase in planned liabilities	Decrease in planned liabilities
Discount rate	±0.25%	710,000.00	–680,000.00

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Deferred Income

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Government subsidies	21,562,500.00	8,312,433.80	2,875,000.00	26,999,933.80
Total	21,562,500.00	8,312,433.80	2,875,000.00	26,999,933.80

Government subsidies:

Item	Balance at the end of last year	Additional grants in the period	Amount included in profit or loss in the period	Other changes	Closing balance	Asset related/ income related
Appropriation in relation to the construction on the waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	21,562,500.00	—	2,875,000.00	—	18,687,500.00	Asset-related
Jinzhong urban construction waste resource utilization concession project	—	3,312,433.80	—	—	3,312,433.80	Asset-related
Construction waste resource utilization concession project	—	5,000,000.00	—	—	5,000,000.00	Asset-related
Total	21,562,500.00	8,312,433.80	2,875,000.00	—	26,999,933.80	

35. Share Capital (Unit: 0,000 shares)

Item	Balance at the end of last year	Increase or decrease in the period (+, -)					Closing balance
		Issuance of new shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	
Shanxi Construction Investment Group Co., Ltd.	98,000.00	—	—	—	—	—	98,000.00
Shanghai Rongda Investment Management Co., Ltd.	2,000.00	—	—	—	—	—	2,000.00
Holders of overseas listed H shares	37,348.60	—	—	—	—	—	37,348.60
Total	137,348.60	—	—	—	—	—	137,348.60

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Capital Reserve

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Share premium	372,566,081.89	—	—	372,566,081.89
Other capital reserve	278,300,420.13	—	—	278,300,420.13
Total	650,866,502.02	—	—	650,866,502.02

37. Other Comprehensive Income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	Balance at the end of last year	Amount for the period		Closing balance
		Attributable to the parent company, net of tax	Less: Previously recognized in other comprehensive income and transferred to retained earnings in the current period	
I. Other comprehensive income that cannot be reclassified into profit or loss				
1. Changes in remeasurement of defined benefit plan	15,143,457.28	1,279,396.29	—	16,422,853.57
2. Changes in fair value of investment in other equity instruments	-2,602,620.96	-3,230,000.00	—	-5,832,620.96
	17,746,078.24	4,509,396.29	—	22,255,474.53
II. Other comprehensive income that will be reclassified into profit or loss				
1. Translation differences on financial statements of foreign currencies	67,105,819.84	983,469.14	—	68,089,288.98
2. The portion of self-use properties converted into investment properties measured at fair value whose fair value is greater than their carrying amount on the conversion date	1,093,013.19	983,469.14	—	2,076,482.33
	66,012,806.65	—	—	66,012,806.65
Total other comprehensive income	82,249,277.12	2,262,865.43	—	84,512,142.55

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Other Comprehensive Income (continued)

Other comprehensive income attributable to the parent company in the income statement:

Item	Amount for the period, before income tax	Amount for the period				Attributable to the parent company, net of tax
		Previously recognized in other comprehensive income and transferred to profit or loss in the current period	Less: Income tax expenses	Less: Attributable to minority shareholders, net of tax	Less: Attributable to the parent company, net of tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	1,279,396.29	—	—	—	1,279,396.29	
1. Changes in remeasurement of defined benefit plan	-3,230,000.00	—	—	—	-3,230,000.00	
2. Changes in fair value of investment in other equity instruments	4,509,396.29	—	—	—	4,509,396.29	
II. Other comprehensive income that will be reclassified into profit or loss	983,469.14	—	—	—	983,469.14	
1. Translation differences on financial statements of foreign currencies	983,469.14	—	—	—	983,469.14	
2. The portion of self-use properties converted into investment properties measured at fair value whose fair value is greater than their carrying amount on the conversion date	—	—	—	—	—	
Total other comprehensive income	2,262,865.43	—	—	—	2,262,865.43	

38. Special Reserve

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Safety production expenses	751,358.26	228,287,426.81	226,203,686.65	2,835,098.42
Total	751,358.26	228,287,426.81	226,203,686.65	2,835,098.42

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Surplus Reserve

Item	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	10,061,343.87	2,308,382.88	—	12,369,726.75
Total	10,061,343.87	2,308,382.88	—	12,369,726.75

40. Undistributed Profit

Item	Amount for the current period	Amount for the previous period
Undistributed profit at the end of the previous period (before adjustment)	492,728,479.07	411,580,266.01
Total adjustments for undistributed profit at the beginning of the period ("+" for increase; "-" for decrease)	—	—
Undistributed profit at the beginning of the period (after adjustment)	492,728,479.07	411,580,266.01
Add: Net profit for the period attributable to shareholders of the parent company	153,411,683.25	154,190,334.59
Less: Appropriation for statutory surplus reserve	2,308,382.88	1,364,171.54
Ordinary share dividends payable	3,683,689.45	71,677,949.99
Undistributed profit at the end of the period	640,148,089.99	492,728,479.07

41. Operating Revenue and Operating Costs

(1) Operating revenue and operating costs

Item	Amount for the current period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Principal businesses	12,199,170,684.47	10,706,328,967.35	10,940,342,348.45	9,547,838,464.08
Other businesses	43,718,763.89	16,160,884.19	30,766,180.39	24,045,535.51
Total	12,242,889,448.36	10,722,489,851.54	10,971,108,528.84	9,571,883,999.59

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Operating Revenue and Operating Costs (continued)

(2) Operating revenue and operating costs by type

Major type	Amount for the current period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Principal businesses:				
1. Specialized industrial construction	9,091,212,987.62	8,039,483,846.73	6,371,535,735.43	5,645,142,460.69
— Construction income of service concession projects	1,141,294.81	3,233,542.37	15,395,692.74	9,733,612.31
— Construction income of EPC projects	9,090,071,692.81	8,036,250,304.36	6,356,140,042.69	5,635,408,848.38
2. Specialized auxiliary construction	904,377,651.97	821,868,084.70	2,243,330,588.76	1,997,517,914.88
— Construction income of service concession projects	46,335,244.82	26,647,750.64	380,992,363.37	312,558,228.11
— Construction income of EPC projects	858,042,407.15	795,220,334.06	1,862,338,225.39	1,684,959,686.77
3. Other construction	1,264,454,993.21	1,181,988,483.77	1,280,553,091.58	1,123,594,442.01
— Construction income of service concession projects	5,732,508.19	5,348,220.69	74,237,890.77	61,986,023.70
— Construction income of EPC projects	1,258,722,485.02	1,176,640,263.08	1,206,315,200.81	1,061,608,418.31
4. Non-construction business	939,125,051.67	662,988,552.15	1,044,922,932.68	789,703,690.04
— Operating fee income of service concession projects	143,215,132.41	84,085,598.04	115,481,616.37	88,247,246.34
— Urban heating technical services income	378,143,970.76	255,461,341.29	370,789,207.13	250,479,687.11
— Sales of LNG	220,229,525.17	208,296,274.65	262,523,422.67	247,008,038.80
— Sales of concrete	24,608,208.60	14,713,306.46	79,828,314.65	66,803,793.06
— Trading	58,888,819.47	47,196,386.25	109,664,102.03	91,606,281.19
— Design fee	39,774,909.10	12,620,352.90	56,304,099.31	19,124,097.33
— Sales of electricity	52,558,158.35	22,177,911.25	25,395,486.46	5,055,489.06
— Labor services fee	21,706,327.81	18,437,381.32	24,936,684.06	21,379,057.15
Other businesses:	43,718,763.89	16,160,884.19	30,766,180.39	15,925,491.97
— Lease	17,168,028.93	2,796,600.80	19,612,741.98	7,561,507.56
— Others	26,550,734.96	13,364,283.39	11,153,438.41	8,363,984.41
Total	12,242,889,448.36	10,722,489,851.54	10,971,108,528.84	9,571,883,999.59

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Operating Revenue and Operating Costs (continued)

(3) Operating revenue and operating costs by geographical location

Major operating areas	Amount for the current period		Amount for the previous period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
China	11,961,597,824.37	10,454,449,491.60	10,439,906,719.08	9,056,144,672.95
Overseas	281,291,623.99	268,040,359.94	531,201,809.76	515,739,326.64
Total	12,242,889,448.36	10,722,489,851.54	10,971,108,528.84	9,571,883,999.59

(4) Breakdown of operating revenue

	Amount for the current period	Amount for the previous period
Timing of revenue recognition		
Including: Recognized at a point in time	965,675,786.64	1,056,076,371.10
Recognized over time	11,260,045,632.79	9,895,419,415.76
Total	12,225,721,419.43	10,951,495,786.86

The above excludes rental income, which is recognized in accordance with the Accounting Standards for Business Enterprises No. 21.

(5) Remaining performance obligations

As at December 31, 2024, the transaction price allocated to unfulfilled performance obligations was RMB38,248,385,303.24. The expected time for recognizing such amount as revenue is as follows:

	2024	2023
Expected time for revenue recognition		
Within one year	12,527,836,355.34	11,022,317,437.72
After one year but within five years	24,948,759,957.08	26,789,490,296.49
After five years	771,788,990.82	684,680,359.32
Total	38,248,385,303.24	38,496,488,093.53

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Taxes and Surcharges

Item	Amount for the current period	Amount for the previous period
Property tax	7,106,304.23	6,137,267.34
Stamp duty	7,106,897.64	9,131,525.08
City maintenance and construction tax	8,011,742.05	7,760,159.98
Educational surcharge	6,717,681.26	6,400,654.79
Land use tax	920,640.61	821,857.58
Others	1,028,393.05	5,591,012.86
Total	30,891,658.84	35,842,477.63

Explanation: The basis for calculating taxes and surcharges are detailed in Note IV. Taxation.

43. Selling Expenses

Item	Amount for the current period	Amount for the previous period
Employee remuneration	1,027,151.56	1,007,173.29
Depreciation expenses	151,311.80	150,999.48
Others	130,528.71	295,010.04
Total	1,308,992.07	1,453,182.81

44. Management Expenses

Item	Amount for the current period	Amount for the previous period
Employee remuneration	312,821,497.47	315,993,044.63
Consulting fees	12,146,727.33	56,540,441.91
Office expenses	40,941,182.15	29,739,824.32
Depreciation expenses	21,587,241.89	21,149,113.79
Intermediary costs	14,407,994.90	17,852,921.76
Travel expenses	13,305,789.58	14,177,866.65
Lease expenses	4,674,311.32	9,482,302.07
Amortization of intangible assets	2,969,521.85	3,030,986.64
Amortization of right-of-use assets	13,378,609.39	4,859,608.56
Funds for party building	2,942,703.70	3,841,211.64
Others	31,289,655.47	39,972,704.92
Total	470,465,235.05	516,640,026.89

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Research and Development Expenses

Item	Amount for the current period	Amount for the previous period
Material costs	480,119,577.29	338,314,936.56
Labor costs	88,713,291.76	83,928,154.73
Lease expenses	15,326,963.31	9,686,425.91
Depreciation expenses	1,517,930.99	3,348,932.76
Others	7,727,818.97	7,926,276.00
Total	593,405,582.32	443,204,725.96

46. Finance Expenses

Item	Amount for the current period	Amount for the previous period
Interest expenses	352,303,632.82	355,166,298.75
Less: Capitalized interest	7,922,805.30	18,528,726.66
Interest income from bank deposits	23,328,934.66	25,926,385.66
Interest income from PPP projects	221,325,061.98	214,909,636.43
Exchange gains or losses	-1,149,775.44	-1,527,272.01
Handling fee and others	3,771,975.88	2,151,883.20
Total	102,349,031.32	96,426,161.19

Explanation: Capitalized interest had been included in construction in progress of Jinzhong Lide, Chayou Shan'an and Luliang Shan'an. The capitalization rates used to calculate and determine the capitalized borrowing costs in the current period ranged from 3.85% to 3.98% (last period: 6.15%).

47. Other Gains

Item	Amount for the current period	Amount for the previous period
Government subsidies	9,037,770.61	11,371,035.97
Refund of handling fees for withholding and payment of income tax on behalf of individuals	183,888.66	7,505.44
Total	9,221,659.27	11,378,541.41

Explanations:

- (1) See Note VII. Government subsidies for details of government subsidies.
- (2) See Note XV.1 for the specific reasons for recognizing government subsidies as recurring profit or loss.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

48. Investment Gains

Item	Amount for the current period	Amount for the previous period
Gains on long-term equity investments under equity method	-2,646,704.03	4,382,357.01
Dividend income from investments in other equity instruments	—	188,371.11
Total	-2,646,704.03	4,570,728.12

49. Gains on Change of Fair Value

Source of gains on change of fair value	Amount for the current period	Amount for the previous period
Investment properties measured at fair value	916,685.00	685,621.00
Total	916,685.00	685,621.00

50. Credit Impairment Losses (losses are expressed in “—”)

Item	Amount for the current period	Amount for the previous period
Bad debt losses on bill receivables	902,170.59	535,114.13
Bad debt losses on trade receivables	-63,102,701.05	-78,497,398.39
Bad debt losses on other receivables	-14,994,189.89	307,683.30
Total	-77,194,720.35	-77,654,600.96

51. Asset Impairment Losses (losses are expressed in “—”)

Item	Amount for the current period	Amount for the previous period
Impairment losses on contract assets	-27,735,562.40	-9,992,662.15
Total	-27,735,562.40	-9,992,662.15

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Gains on Disposal of Assets (losses are expressed in “-”)

Item	Amount for the current period	Amount for the previous period
Gains on disposal of fixed assets (losses are expressed in “-”)	1,388,068.65	3,611,240.19
Total	1,388,068.65	3,611,240.19

53. Non-Operating Revenue

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Gains on donation	7,100.00	—	7,100.00
Others	7,950.00	1,398,606.00	7,950.00
Total	15,050.00	1,398,606.00	15,050.00

54. Non-Operating Expenses

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Compensation, late fees and liquidated damages	895,271.67	14,315,147.90	895,271.67
Fine expenditure	142,002.60	36,794.18	142,002.60
Charitable donation expenditure	100,000.00	110,000.00	100,000.00
Loss on retirement of damaged non-current assets	52,065.99	69,700.37	52,065.99
Others	1,828.59	516.90	1,828.59
Total	1,191,168.85	14,532,159.35	1,191,168.85

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

55. Income Tax Expenses

(1) Breakdown of income tax expenses

Item	Amount for the current period	Amount for the previous period
Current income tax calculated based on tax laws and relevant regulations	30,993,884.40	47,403,989.41
Deferred income tax expenses	-15,774,510.46	-27,838,086.27
Total	15,219,373.94	19,565,903.14

(2) Reconciliation between income tax expenses and total profit is set out below:

Item	Amount for the current period	Amount for the previous period
Total profit	224,752,404.51	225,123,269.02
Income tax expenses at statutory (or applicable) tax rate	33,712,860.68	33,768,490.35
Effect of different tax rates applied by certain subsidiaries	12,389,337.36	11,577,465.59
Profit or loss from joint ventures and associates accounted for under the equity method	397,005.60	-685,609.22
Non-deductible costs, expenses and losses	58,054,013.77	35,767,101.21
Tax effect of unrecognized deductible losses and deductible temporary differences	184,844.84	7,883,505.96
Tax effect of deduction for research and development expenses (expressed in “-”)	-89,518,688.31	-68,745,050.75
Income tax expenses	15,219,373.94	19,565,903.14

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Notes on Items in Cash Flow Statement

(1) Cash received from other operating activities

Item	Amount for the current period	Amount for the previous period
Cash received from payment on behalf	506,234,151.08	815,256,251.35
Interest on demand deposits received	59,571,721.49	25,926,385.66
Government subsidies received	14,475,204.41	9,908,050.01
Decrease in restricted fund	120,388,422.99	201,721,610.84
Cash received from transaction and others	1,989,710,198.51	3,056,258,247.83
Total	2,690,379,698.48	4,109,070,545.69

(2) Cash paid for other operating activities

Item	Amount for the current period	Amount for the previous period
Safety production expenses paid	228,046,397.45	196,687,047.35
Cash payment for selling expenses, management expenses, research and development expenses	622,526,267.76	599,259,363.90
Bank handling fees paid	3,771,975.88	2,151,883.20
Rent and lease deposits paid relating to short-term leases and low-value asset leases	5,814,288.99	9,482,302.07
Cash paid for transaction and others	1,555,063,785.53	1,972,150,322.61
Total	2,415,222,715.61	2,779,730,919.13

(3) Cash paid for other financing activities

Item	Amount for the current period	Amount for the previous period
Repayment of principal and interest on lease liabilities	19,340,723.03	16,610,210.79
Total	19,340,723.03	16,610,210.79

(4) Change of various liabilities arising from financing activities

Item	Opening balance	Cash change		Non-cash change		Others	Closing balance
		Cash inflow	Cash outflow	Accrued interests	Change in fair value		
Short-term borrowings	2,441,142,643.18	2,996,991,538.01	3,039,542,509.60	2,054,569.45	—	—	2,400,646,241.04
Long-term borrowings	3,502,079,680.55	890,471,141.66	683,476,270.77	9,202,624.07	—	—	3,718,277,175.51
Lease liabilities	169,243,314.48	—	19,340,723.03	8,010,699.28	2,675,374.23	—	160,588,664.96
Total	6,112,465,638.21	3,887,462,679.67	3,742,359,503.40	19,267,892.80	2,675,374.23	—	6,279,512,081.51

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

57. Supplementary Information on Cash Flow Statement

(1) Supplementary information on cash flow statement

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	209,533,030.57	205,557,365.88
Add: Asset impairment losses	27,735,562.40	9,992,662.15
Credit Impairment losses	77,194,720.35	77,654,600.96
Depreciation of fixed assets	86,733,855.26	108,874,123.10
Depreciation of right-of-use assets	20,694,310.84	13,729,674.92
Amortization of intangible assets	5,083,814.60	4,129,165.07
Amortization of long-term deferred expenses	2,222,380.22	5,293,951.96
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are expressed in “-”)	-1,388,068.65	-3,611,240.19
Losses on retirement of fixed assets (gains are expressed in “-”)	52,065.99	69,700.37
Losses on changes in fair value (gains are expressed in “-”)	-916,685.00	-685,621.00
Finance expenses (gains are expressed in “-”)	344,380,827.52	336,637,572.09
Investment losses (gains are expressed in “-”)	2,646,704.03	-4,570,728.62
Decrease in deferred income tax assets (increase is expressed in “-”)	-15,703,814.28	-63,724,588.31
Increase in deferred income tax liabilities (decrease is expressed in “-”)	155,079.65	36,394,076.57
Decrease in inventories (increase is expressed in “-”)	-109,876,013.86	-21,913,202.17
Decrease in operating receivables (increase is expressed in “-”)	-163,607,853.92	-262,153,826.18
Increase in operational payables (decrease is expressed in “-”)	-221,944,308.29	-132,587,543.85
Others	122,472,163.15	202,472,969.10
Net cash flows from operating activities	385,467,770.58	511,559,111.85
2. Material investing and financing activities not requiring the use of cash:		
Conversion of debt into capital	—	—
Convertible corporate bonds due within one year	—	—
New right-of-use assets in the current period	—	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	2,200,842,548.68	2,090,162,557.78
Less: Opening balance of cash	2,090,162,557.78	1,380,891,857.32
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	110,679,990.90	709,270,700.46

Explanation: The endorsed bank acceptance bills that the Company received from sales of goods amounted to RMB1,069,165,435.26.

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

57. Supplementary Information on Cash Flow Statement (continued)

(2) Composition of cash and cash equivalents

Item	Closing balance	Balance at the end of last year
I. Cash	2,200,842,548.68	2,090,162,557.78
Including: Cash on hand	2,003.25	13,712.10
Bank deposits	2,200,840,545.43	2,090,148,845.68
Other monetary funds	—	—
Less: Restricted monetary funds and time deposits of more than three months	—	—
II. Cash equivalents	—	—
III. Closing balance of cash and cash equivalents	2,200,842,548.68	2,090,162,557.78

58. Monetary Items in Foreign Currency

Item	Closing balance in foreign currency	Exchange rate	Closing balance translated into RMB
Cash			
Including: USD	110,742.91	7.1884	796,064.33
HKD	11,102,398.89	0.92604	10,281,265.48
AUD	37,920.56	4.507	170,907.96
BDT	342,084.00	0.06089	20,829.49
VND	2,958,309.00	0.0003	887.49
GNF	11,882,000.00	0.00084	10,034.20
Total	26,433,455.36		11,279,988.95

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V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. Leases

(1) As a lessee

The Company has simplified the treatment of short-term leases and leases of low-value assets by not recognising right-of-use assets and lease liabilities. The charges to expense for short-term leases, low-value assets and variable lease payments not included in the measurement of lease liabilities during the current period are as follows:

Item	Amount for the current period
Short-term leases	4,674,311.32
Low-value leases	—
Variable lease payment not included in the measurement of lease liabilities	—
Total	4,674,311.32

(2) As a lessor

Where an operating lease is formed:

Item	Amount for the current period
Lease income	17,168,028.93
Income related to variable lease payment not included in lease receipt	—

The amount of undiscounted lease receipts to be received in each of the five consecutive fiscal years after the balance sheet date and the amount of undiscounted lease receipts to be received in the remaining years:

Year	Closing balance
Within 1 year after the balance sheet date	5,199,790.53
1 to 2 years after the balance sheet date	2,560,232.51
2 to 3 years after the balance sheet date	825,871.59
3 to 4 years after the balance sheet date	—
4 to 5 years after the balance sheet date	—
More than 5 years after the balance sheet date	—
Total	8,585,894.63

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VI. Interests in Other Entities

1. Interests in Subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Date of establishment	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio %		Way of acquisition
						Direct	Indirect	
Shan'an Bluesky	June 2015	10,178.2532	Taiyuan, Shanxi	Taiyuan, Shanxi	Investment, development and operation of clean heating projects	56.77	N/A	1
Zhuo'an Materials	May 2015	3,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction materials trading and leasing	100	N/A	1
Shan'an Maode	July 2016	30,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	New energy project investment, development and operation	100	N/A	1
Shanxi Ningyang	May 2013	3,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Liquefied natural gas ("LNG") production and sales	51	N/A	3
Shan'an Lide	December 2015	10,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Cement products and rubber products	84.38	N/A	1
Shanghai Shan'an	April 2017	10,000.00	Shanghai	Shanghai	Mechanical and electrical installation works construction	100	N/A	1
Shanxi Shan'an Lida Environmental Technology Co., Ltd.	May 2018	5,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Ecological and environmental protection and restoration	40	18.75	1
Son Tay Viet Nam Construction Co., Ltd.	August 2020	96.8505	Vietnam	Vietnam	Construction and operation of new energy power generation projects	100	N/A	1
Shan'an Biquan	July 2016	10,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Investment, development and operation of water environment control projects	100	N/A	1
Lingchuan Shan'an Construction Development Co., Ltd.	January 2018	5,471.20	Lingchuan, Shanxi	Lingchuan, Shanxi	Investment, construction and operation of municipal road projects	90	N/A	1
Guangdong Shan'an Construction Engineering Co., Ltd.	May 2018	10,000.00	Guangzhou, Guangdong	Guangzhou, Guangdong	Mechanical and electrical installation works construction	100	N/A	1
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	December 2020	2,994.2304	Xiangyuan, Shanxi	Xiangyuan, Shanxi	Investment, construction and operation of road and bridge projects	80	N/A	1
Linfen Shan'an Waterwork Development Co., Ltd.	March 2021	2,080.46	Linfen, Shanxi	Linfen, Shanxi	Investment, construction and operation of sewage treatment projects	85.67	9.52	1
Australia Shan An Construction Engineering Pty Limited	March 2018	278.40	Australia	Australia	Construction and operation of new energy power generation projects	100	N/A	1
Xinjiang Shan'an	September 2018	5,000.00	Xinjiang, Shanxi	Xinjiang, Shanxi	Investment, construction and operation of river and lake treatment projects	60	30	1
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	July 2017	2,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Electricity distribution and sales business	100	N/A	1
Xiyang Shan'an	January 2019	13,666.00	Xiyang, Shanxi	Xiyang, Shanxi	Investment, construction and operation of underground comprehensive pipe gallery facility projects	90	N/A	1
Qinshui Culture and Sport	January 2019	6,746.33	Qinshui, Shanxi	Qinshui, Shanxi	Investment, construction and operation of municipal facility projects	95	N/A	1
Jiexiu Shan'an	March 2019	11,762.00	Jiexiu, Shanxi	Jiexiu, Shanxi	Investment, construction and operation of water environment control projects	75.24	5	1
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	June 2018	6,092.76	Changzhi, Shanxi	Changzhi, Shanxi	Investment, construction and operation of municipal road projects	90	N/A	1
Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	March 2019	5,000.00	Taiyuan, Shanxi	Taiyuan, Shanxi	Comprehensive utilization of solid waste	41	14.25	1
Changzhi Shan'an Construction Development Co., Ltd.	July 2018	4,000.00	Changzhi, Shanxi	Changzhi, Shanxi	Investment, construction and operation of industrial park projects	90	N/A	1

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VI. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of corporate group (continued)

Name of subsidiaries	Date of establishment	Registered capital (RMB ten thousand)	Principal place of business	Place of registration	Business nature	Shareholding ratio %		Way of acquisition
						Direct	Indirect	
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	December 2017	4,188.00	Gaoping, Shanxi	Gaoping, Shanxi	Investment, construction and operation of municipal road projects	95	N/A	1
Hong'an Shan'an Construction Engineering Co., Ltd. (previously known as "Sichuan Shan'an Construction Engineering Co., Ltd.")	September 2021	10,000.00	Hong'an, Hebei	Hong'an, Hebei	Commencement of construction work; electricity and gas installation	100	N/A	1
Yangquan Shan'an Construction Development Co., Ltd.	September 2021	13,000.00	Yangquan, Shanxi	Yangquan, Shanxi	Investment, construction and operation of civil engineering projects	80	N/A	1
Qinshui Construction Development	May 2022	17,086.35	Qinshui, Shanxi	Qinshui, Shanxi	Investment, construction and operation of commercial services projects	80	N/A	1
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	November 2022	3,000.00	Jinzhong, Shanxi	Jinzhong, Shanxi	Handling of urban construction waste and cargo logistic	49	3.75	1
Hubei Shan'an Construction Engineering Co., Ltd.	September 2022	10,000.00	Wuhan, Hubei	Wuhan, Hubei	Construction engineering commencement; construction engineering design	100	N/A	1
Shaanxi Shan'an Construction Engineering Co., Ltd.	March 2023	10,000.00	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction management services, subcontracting and construction labor subcontracting	100	N/A	1
Chongqing Shan'an Construction Engineering Co., Ltd.	August 2023	10,000.00	Chongqing	Chongqing	Construction engineering commencement; construction engineering design	100	N/A	1
Yushe County Shan'an Xinyuan Co., Ltd.	September 2023	100.00	Yushe, Shanxi	Yushe, Shanxi	Electricity, heating, gas and water production and supply	100	N/A	1
Liaoning Yingkou Shan'an New Energy Co., Ltd.	October 2023	1,000.00	Yingkou, Liaoning	Yingkou, Liaoning	Operation of new energy power generation, power transmission and power supply projects	100	N/A	1
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	November 2023	1,000.00	Lvliang, Shanxi	Lvliang, Shanxi	Operation of new energy power generation, power transmission and power supply projects	51	N/A	1
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	June 2024	4,000.00	Xiaoyi, Shanxi	Xiaoyi, Shanxi	Construction management business, earthwork construction, foreign contracting projects	51	N/A	1
Xiyang Shan'an New Energy Co., Ltd.	March 2024	100.00	Xiyang, Shanxi	Xiyang, Shanxi	Power generation, power transmission and power supply	100	N/A	1
Linfen Shan'an Lide Environmental Protection Technology Co., Ltd.	February 2024	10,000.00	Linfen, Shanxi	Linfen, Shanxi	Urban construction waste disposal, road cargo transportation	49	38.25	1
Baode Shan'an New Energy Co., Ltd.	March 2024	100.00	Baode, Hebei	Baode, Hebei	Power generation, power transmission and power supply	100	N/A	1
Danling Shan'an Xinyuan Co., Ltd.	January 2024	100.00	Danling, Shanxi	Danling, Shanxi	Power generation, power transmission and power supply	100	N/A	1
Fenxi Shan'an Xinyuan Co., Ltd.	January 2024	500.00	Fenxi, Shanxi	Fenxi, Shanxi	Power generation, power transmission and power supply	100	N/A	1

Way of acquisition: 1. Establishment by investment; 2. Business combination under common control; 3. Business combination not under common control; 4. Others.

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VI. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

(2) Significant non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders %	Profit or loss attributable to minority shareholders in 2024	Dividends declared to minority shareholders in 2024	Equity balance of minority shareholders in 2024
Shan'an Bluesky	43.23	49,876,506.95	—	370,017,482.81
Shan'an Lide	15.62	82,210.00	—	11,517,063.03
Shanxi Ningyang	49.00	-5,408,621.68	—	22,806,424.93
Xiyang Shan'an	9.38	1,471,037.26	—	16,713,377.90
Jiexiu Shan'an	24.72	2,485,891.35	—	24,382,411.18
Xinjiang Shan'an	35.48	4,011,953.00	—	46,395,432.78
Qinshui Construction Development	20.00	4,878,197.77	—	36,871,278.30

(3) Main financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	December 31, 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shan'an Bluesky	784,825,983.24	904,278,124.96	1,689,104,108.20	190,915,179.48	602,169,337.86	793,084,517.34
Shan'an Lide	137,578,575.47	269,253,484.03	406,832,059.50	153,624,902.49	185,548,875.96	339,173,778.45
Shanxi Ningyang	14,947,828.71	197,338,495.88	212,286,324.59	166,604,647.54	—	166,604,647.54
Xiyang Shan'an	77,346,845.87	560,187,348.59	637,534,194.46	148,217,160.30	318,911,809.93	467,128,970.23
Jiexiu Shan'an	45,311,927.09	357,850,731.72	403,162,658.81	64,486,155.60	240,268,934.22	304,755,089.82
Xinjiang Shan'an	37,237,589.85	522,399,524.84	559,637,114.69	94,019,894.70	339,854,961.45	433,874,856.15
Qinshui Construction Development	101,608,931.80	626,753,154.94	728,362,086.74	142,129,146.92	401,911,879.98	544,041,026.90

Continued (1):

Name of subsidiaries	December 31, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shan'an Bluesky	717,515,803.69	906,576,927.44	1,624,092,731.13	228,519,199.17	619,581,606.60	848,100,805.77
Shan'an Lide	123,521,531.95	279,680,325.55	403,201,857.50	174,492,895.77	161,576,993.07	336,069,888.84
Shanxi Ningyang	11,985,786.93	209,401,923.75	221,387,710.68	162,427,883.00	3,500,000.00	165,927,883.00
Xiyang Shan'an	125,693,804.73	513,560,201.98	639,254,006.71	135,115,097.84	348,444,057.25	483,559,155.09
Jiexiu Shan'an	39,325,836.04	392,892,264.09	432,218,100.13	75,386,849.30	268,463,630.76	343,850,480.06
Xinjiang Shan'an	80,457,742.80	473,610,990.94	554,068,733.74	86,162,829.55	362,951,292.21	449,114,121.76
Qinshui Construction Development	91,500,392.94	574,297,024.03	665,797,416.97	141,534,095.43	364,333,250.55	505,867,345.98

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VI. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

(3) Main financial information of significant non-wholly-owned subsidiaries (continued)

Continued (2):

Name of subsidiaries	2024			
	Operating revenue	Net profits	Total comprehensive income	Cash flows from operating activities
Shan'an Bluesky	487,092,157.38	118,327,665.49	118,327,665.49	77,986,981.35
Shan'an Lide	64,810,406.51	526,312.39	526,312.39	1,415,644.44
Shanxi Ningyang	220,229,525.17	-11,038,003.43	-11,038,003.43	3,714,595.54
Xiyang Shan'an	1,039,528.32	14,710,372.61	14,710,372.61	45,224,151.68
Jiexiu Shan'an	—	10,039,948.92	10,039,948.92	40,995,777.87
Xinjiang Shan'an	3,387,735.85	11,307,646.56	11,307,646.56	29,339,155.05
Qinshui Construction Development	27,959,219.90	24,390,988.85	24,390,988.85	-56,560,705.65

Continued (3):

Name of subsidiaries	2023			
	Operating revenue	Net profits	Total comprehensive income	Cash flows from operating activities
Shan'an Bluesky	447,370,468.75	112,674,977.29	112,674,977.29	53,366,911.76
Shan'an Lide	93,106,319.61	270,873.49	270,873.49	14,266,416.71
Shanxi Ningyang	263,309,783.16	-7,950,963.01	-7,950,963.01	9,684,609.93
Xiyang Shan'an	1,039,528.32	7,880,542.30	7,880,542.30	48,814,023.18
Jiexiu Shan'an	1,192,385.52	14,029,995.64	14,029,995.64	30,059,956.76
Xinjiang Shan'an	5,860,105.43	20,776,468.51	20,776,468.51	22,457,075.45
Qinshui Construction Development	—	-8,792,118.26	-8,792,118.26	-392,186,118.78

2. Business Combination not under Common Control

Business combination not under common control in current period: None.

3. Business Combination under Common Control

Business combination under common control in current period: None.

4. Reverse Purchases

Reverse purchases in current period: None.

5. Disposals of Subsidiaries

Disposals of subsidiaries in current period: None.

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VI. Interests in Other Entities (continued)

6. Other Reasons for the Change in Scope of Consolidation

(1) Newly-established subsidiaries of the Company in current period:

Name of subsidiaries	Date of establishment	Principal place of business	Place of registration	Business nature	Share capital (RMB ten thousand)	Shareholding ratio %		Way of acquisition
						Direct	Indirect	
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	June 19, 2024	Xiaoyi, Shanxi	Xiaoyi, Shanxi	Construction management business, earthwork construction, foreign contracting projects	40,000.00	51%	N/A	Establishment by investment
Xiyang Shan'an New Energy Co., Ltd.	March 26, 2024	Xiyang, Shanxi	Xiyang, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	Establishment by investment
Linfen Shan'an Lide Environmental Protection Technology Co., Ltd.	February 2, 2024	Linfen, Shanxi	Linfen, Shanxi	Urban construction waste disposal, road cargo transportation	100,000.00	49%	38.25%	Establishment by investment
Baode Shan'an New Energy Co., Ltd.	March 26, 2024	Baode, Shanxi	Baode, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	Establishment by investment
Danling Shan'an Xinyuan Co., Ltd.	January 29, 2024	Danling, Shanxi	Danling, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	Establishment by investment
Fenxi Shan'an Xinyuan Co., Ltd.	January 29, 2024	Fenxi, Shanxi	Fenxi, Shanxi	Power generation, power transmission and power supply	5,000.00	100%	N/A	Establishment by investment

(2) The Company did not cancel or liquidate its subsidiaries during the current period.

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VI. Interests in Other Entities (continued)

7. Interests in Joint Venture Arrangements or Associates

(1) Significant joint ventures or associates

Name of joint ventures or associates	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment for investment in joint ventures or associates
				Direct	Indirect	
I. Joint ventures						
II. Associates						
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Steel structure construction engineering	20%	—	Equity method
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	Changzhi, Shanxi	Changzhi, Shanxi	Industrial installation engineering technical consultation	40%	—	Equity method
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Exploitation and utilization of renewable energy sources	40.01%	—	Equity method
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Software and information technology services	20%	—	Equity method
Shanxi Jiantou International Investment Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Foreign investment and foreign project contracting	30%	—	Equity method
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Linfen, Shanxi	Linfen, Shanxi	Sales of non-metallic mineral products	10%	—	Equity method
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Leasing, maintenance of construction equipment and general machinery and equipment and construction labor subcontracting	20%	—	Equity method
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Jinjian Shan'an") (note 1)	Taiyuan, Shanxi	Taiyuan, Shanxi	Private equity investment fund management and venture capital fund management services	74%	—	Equity method
Taiyuan Xie'an Property Service Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Catering service and property management	49%	—	Equity method
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Zhangzi, Shanxi	Zhangzi, Shanxi	Construction project management on flood control and drainage	26.4%	—	Equity method
Shanxi Hangchan New Energy Co., Ltd. (hereinafter referred to as "Hangchan New Energy") (note 2)	Taiyuan, Shanxi	Taiyuan, Shanxi	Power generation, power transmission and power supply	15%	—	Equity method
Fuxin Shan'an Mingyang Electricity Energy Co., Ltd. (previously known as "Yingkou Shan'an Mingyang Electricity Energy Co., Ltd.")	Yingkou, Liaoning	Yingkou, Liaoning	Power generation, power transmission and power supply	49%	—	Equity method
Yingkou Shan'an Mingyang Green Energy Co., Ltd.	Yingkou, Liaoning	Yingkou, Liaoning	Power generation, power transmission and power supply	49%	—	Equity method

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VI. Interests in Other Entities (continued)

7. Interests in Joint Venture Arrangements or Associates (continued)

(1) Significant joint ventures or associates (continued)

Note 1: The Company owned 74% equity interest in Jinjian Shan'an, pursuant to the partnership agreement, the decision of operating and financial policies is governed by the investment committee. The two-third of the committee member is appointed by the general partner of Jinjian Shan'an, an independent third party. The Company only possesses significant influence over the operating and financial policies of the Jinjian Shan'an through the power to appoint the one-third of committee member of the investment committee. The Company only possessed significant influence over Jinjian Shan'an, therefore, it is classified as an associate of the Company.

Note 2: Shanxi Hangchan New Energy Co., Ltd. was established in April 2024. The Company owned 15% equity interest in Shanxi Hangchan New Energy Co., Ltd., and is entitled to appoint one of the five directors of Shanxi Hangchan New Energy Co., Ltd. The management has assessed the Company's involvement in Shanxi Hangchan New Energy Co., Ltd., and considers that it has a significant influence on Shanxi Hangchan New Energy Co., Ltd. Shanxi Hangchan New Energy Co., Ltd. is listed as an associate of the Company.

(2) Main financial information of significant joint ventures or associates

Item	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.		Shanxi Construction Investment International Investment Co., Ltd.		Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)		Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Current assets	55,772,621.44	49,384,114.38	18,194,244.12	16,920,407.26	120,106,191.03	120,100,242.69	5,996,104.34	859,571.41
Non-current assets	124,804,281.79	133,560,979.64	91,120,084.11	85,622,369.33	—	—	182,316,091.46	183,584,758.17
Total assets	180,576,903.23	182,945,094.02	109,314,328.23	102,542,776.59	120,106,191.03	120,100,242.69	188,312,195.80	184,444,329.58
Current liabilities	120,250,094.19	49,088,417.60	11,910,005.21	5,533,255.76	30,908.25	30,824.59	85,967,974.00	80,405,082.40
Non-current liabilities	12,841,914.28	90,612,764.14	—	—	—	—	31,432,245.80	27,325,443.56
Total liabilities	133,092,008.47	139,701,181.74	11,910,005.21	5,533,255.76	30,908.25	30,824.59	117,400,219.80	107,730,525.96
Net assets	47,484,894.76	43,243,912.28	97,404,323.02	97,009,520.83	120,075,282.78	120,069,418.10	70,911,976.00	76,713,803.62
Proportionate share in net assets	18,999,100.34	17,302,066.61	29,626,092.98	29,503,989.21	89,055,834.73	89,051,485.09	14,019,287.78	15,179,653.30
Adjustments	—	—	—	—	—	—	—	—
Carrying amount of investments in associates	18,999,100.34	17,302,066.61	29,626,092.98	29,503,989.21	89,055,834.73	89,051,485.09	14,019,287.78	15,179,653.30
Fair value of equity investments with quoted price	—	—	—	—	—	—	—	—
Operating revenue	32,103,492.50	39,012,766.39	5,661,364.91	13,838,259.66	911,227.55	908,737.86	116,842.00	300,993.72
Net profit	6,221,582.92	4,350,385.32	394,802.19	690,292.48	5,864.68	4,675.48	-5,801,827.62	-4,753,646.26
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	6,221,582.92	4,350,385.32	394,802.19	690,292.48	5,864.68	4,675.48	-5,801,827.62	-4,753,646.26
Dividends from associates received in current period	792,240.18	—	—	—	—	—	—	—

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VI. Interests in Other Entities (continued)

7. Interests in Joint Venture Arrangements or Associates (continued)

(3) Summarized information of insignificant joint ventures and associates

Item	December 31, 2024	December 31, 2023
Joint ventures:		
Total carrying amount of investment	—	—
Total of the following by shareholding ratio	—	—
Net profit	—	—
Other comprehensive income	—	—
Total comprehensive income	—	—
Associates:		
Total carrying amount of investment	58,544,295.12	44,066,782.64
Total of the following by shareholding ratio	—	—
Net profit	-4,102,065.83	3,375,523.93
Other comprehensive income	—	—
Total comprehensive income	-4,102,065.83	3,375,523.93

VII. Government Subsidies

1. Government subsidies included in deferred income

Type	Opening balance	Increase in the period	Decrease in the period	Closing balance
Government subsidies related to assets	21,562,500.00	8,312,433.80	2,875,000.00	26,999,933.80
Total	21,562,500.00	8,312,433.80	2,875,000.00	26,999,933.80

(1) Government subsidies included in deferred income subsequently measured by adopting the gross amount method

Subsidized project	Type	Opening balance	Increase in subsidies in the current period	Amount transferred to profit or loss in the current period	Other changes	Closing balance	Presented item transferred to profit or loss in the current period	Related to assets/ related to income
Waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	Financial allocation	21,562,500.00		2,875,000.00	—	18,687,500.00	Other income	Related to assets
Urban construction waste resource utilization project in Jinzhong City			3,312,433.80	—	—	3,312,433.80	Other income	Related to assets
Construction waste resource utilization project			5,000,000.00	—	—	5,000,000.00	Other income	Related to assets
Total		21,562,500.00	8,312,433.80	2,875,000.00	—	26,999,933.80		

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VII. Government Subsidies (continued)

1. Government subsidies included in deferred income (continued)

(2) Government subsidies included in the current profit or loss by adopting the gross amount method

Subsidized project	Type	Amount included in profit or loss for January to December 2024	Amount included in profit or loss for January to December 2023	Presented item included in profit or loss	Related to assets/related to income
Project funding for waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	Financial allocation	2,875,000.00	1,437,500.00	Other income	Related to assets
Reward funding from financial supervisory authority	Financial allocation	2,000,000.00	—	Other income	Related to income
Specific funding for technological modification in 2024	Financial allocation	1,500,000.00	—	Other income	Related to income
2023 annual assessment excellent provincial key laboratories and provincial technology innovation center award fund from Shanxi Provincial Department of Science and Technology	Financial allocation	500,000.00	—	Other income	Related to income
Shanxi Province vocational skills improvement training subsidy fund	Financial allocation	255,000.00	—	Other income	Related to income
High-technology recognition reward	Financial allocation	350,000.00	1,900,000.00	Other income	Related to income
Job stability subsidy	Financial allocation	279,632.27	74,234.01	Other income	Related to income
First batch of digital transformation project subsidies for small and medium-sized enterprises of Taiyuan City	Financial allocation	200,000.00	—	Other income	Related to income
2023 demonstration zone high-quality development recognition and reward fund	Financial allocation	200,000.00	—	Other income	Related to income
Central foreign trade development special fund	Financial allocation	160,000.00	120,000.00	Other income	Related to income
Subsidy for employment internship units	Financial allocation	158,544.00	495,816.00	Other income	Related to income
2023 subsidy funds for loans to purchase and renovate manufacturing equipment	Financial allocation	114,500.00	—	Other income	Related to income
Government subsidies for small-scale enterprises	Financial allocation	100,000.00	1,150,000.00	Other income	Related to income
"First entry into regulation in 2019 and three consecutive years of regulation" reward funds from Daning County Private Economic Development Promotion Center	Financial allocation	100,000.00	—	Other income	Related to income
Incentive funds for newly included service industry enterprises	Financial allocation	100,000.00	—	Other income	Related to income
"Shanxi Technology Property Exchange Cup" 2023 "Maker China" Shanxi Province Small and Medium Enterprises Innovation and Entrepreneurship Award from Shanxi Provincial Small Business Development Promotion Bureau	Financial allocation	80,000.00	—	Other income	Related to income
Double entrepreneurship competition rewards	Financial allocation	50,000.00	—	Other income	Related to income
Incentive funds for compilation of the Construction Investment Information Model Delivery Standard	Financial allocation	15,094.34	—	Other income	Related to income

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VII. Government Subsidies (continued)

1. Government subsidies included in deferred income (continued)

(2) Government subsidies included in the current profit or loss by adopting the gross amount method (continued)

Subsidized project	Type	Amount included in profit or loss for January to December 2024	Amount included in profit or loss for January to December 2023	Presented item included in profit or loss	Related to assets/related to income
"Specialization, Excellence, Specialization and Innovation" reward funds	Financial allocation	—	1,250,000.00	Other income	Related to income
Rewards for high-tech enterprises reaching business revenue scale for the first time in 2021	Financial allocation	—	1,000,000.00	Other income	Related to income
Science and technology R&D innovation platform incentive fund	Financial allocation	—	1,000,000.00	Other income	Related to income
2022 engineering research center investment plan funding	Financial allocation	—	1,000,000.00	Other income	Related to income
Industrial awards for first entry and 2 consecutive years in the database	Financial allocation	—	600,000.00	Other income	Related to income
2021 high-technology enterprise R&D investment rewards from the Ministry of Finance of the comprehensive reform zone	Financial allocation	—	500,000.00	Other income	Related to income
Science and technology achievement award from Jiantou Group	Financial allocation	—	400,000.00	Other income	Related to income
Innovation capacity building subsidy fund from Taiyuan Enterprise Technology Center	Financial allocation	—	200,000.00	Other income	Related to income
Shanxi provincial market supervision administration rewards	Financial allocation	—	100,000.00	Other income	Related to income
2023 national and provincial science and technology business incubator incentive funds	Financial allocation	—	50,000.00	Other income	Related to income
Subsidy funds for participating in the compilation of standards by the Department of Housing and Urban-Rural Development	Financial allocation	—	40,000.00	Other income	Related to income
2022 Safety bonus from Shanxi Comprehensive Reform Zone Management Committee and the Ministry of Finance	Financial allocation	—	20,000.00	Other income	Related to income
Subsidy funds for small and medium-sized enterprises affected by the epidemic in 2022	Financial allocation	—	8,000.00	Other income	Related to income
Total		9,037,770.61	11,345,550.01		

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Major financial instruments of the Company include cash, bill receivables, trade receivables, receivables financing, other receivables, non-current assets due within one year, other current assets, investments in other equity instruments, bill payables, trade payables, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings, lease liabilities and long-term payables. Details of financial instruments are disclosed in related notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled in a limited extent.

1. Risk Management Objectives and Policies

Risks associated with the financial instruments of the Company mainly include credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk).

The Company's objectives in risk management is to achieve an appropriate balance between risk and return, minimizing the negative impact of risk on the Company's operating performance to the lowest level, and maximizing the interests of shareholders and other equity investors. Based on the risk management objectives, the Company's fundamental strategy for risk management is to identify and analyse various risks faced by the Company, establish appropriate risk tolerance thresholds, and conduct risk management. Additionally, timely and reliable supervision of various risks is carried out to control risks within defined limits.

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines and overseeing the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update its risk management policies and systems. The risk management of the Company is carried out by the risk management committee in accordance with policies approved by the Board. The risk management committee identifies, evaluates and mitigates related risks through close cooperation with other business departments of the Company. The Company's internal audit department conducts regular audit on the risk management control and procedures and reports the audit results to the Company's audit committee.

The Company diversifies its exposure to financial instruments through an appropriate mix of diversified investments and businesses and reduces its exposure to a single industry, specific region or specific counterparty by developing appropriate risk management policies.

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk

Credit risk refers to the risk that the counterparties default on their contractual obligations resulting in financial losses to the Company.

The Company manages credit risk on a group basis. Credit risk mainly arises from bank deposits, bill receivables, trade receivables, and other receivables.

The Company's bank deposits are mainly placed with reputable financial institutions with high credit ratings. The Company expects that there is no significant credit risk for the bank deposits.

In respect of the bill receivables, trade receivables and other receivables, the Company has established relevant policies to control credit risk exposure. The Company assesses the customer's creditworthiness based on their financial situation, credit history, and other factors such as the current market conditions, and sets the corresponding credit period. The Company will regularly monitor customer credit records. For customers with poor credit records, the Company will use methods such as written payment reminders, shortening the credit period, or cancelling the credit period to ensure that the overall credit risk of the Company is limited to a controllable extent.

The debtors of the Company's trade receivables are customers in different industries and regions. The Company continuously conducts credit assessments on the financial status of trade receivables and purchases credit guarantee insurance when appropriate.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees that may expose the Company to credit risk.

Of the Company's trade receivables, the trade receivables from the top five customers accounted for 19.04% of the Company's total trade receivables (2023: 23.90%); and of the Company's other receivables, the other receivables from the top five companies accounted for 78.04% of the Company's total other receivables (2023: 76.31%).

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Trade receivables, bill receivables and contract assets

It is the policy of the Company to deal only with creditworthy counterparties. Credit rating is granted to new customers after credit assessment is made by the credit control department. When appropriate, customers may be requested to provide proof as to their financial position. External credit rating and/or reports on customers are obtained and used at reasonable cost. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Company's policy to request collateral from its customers.

In addition, as set out in notes, the Company assesses expected credit losses for trade receivables, bill receivables and contract assets based on provision matrix, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses. The Company considered the contract assets share the similar risk profile with the corresponding trade receivables of the same project and apply the expected loss rate of corresponding trade receivables as proxy to derive at the expected loss rate of the contract assets.

The historical loss rates are adjusted based on the current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. Details are set out as below:

Historical loss rate

The Company summarizes the trade receivables into appropriate age bands for the last 36 months (the historical back-testing dates) to calculate the historical loss rate representing the percentage of trade receivables in each age band that was ultimately written off. In calculating the average historical loss rate of the each age band, the Company applies a roll rate on each age band which represents the percentage of trade receivables that are not received in the age band and rolled to the next age band and ultimately written-off.

In determining trade receivables that are ultimately written off, the Company considers that the trade receivables is credit-impaired or has no reasonable expectation of recovery when one or more events of default that bear a detrimental impact on the estimated future cash flows of that financial asset have occurred including but not limited to:

- (a) significant financial difficulty of the customer;
- (b) a breach of contract, such as a default or past due event;
- (c) it is becoming probable that the customer will enter into bankruptcy or other financial reorganization; or
- (d) the disappearance of an active market for that financial asset because of financial difficulties.

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Historical loss rate (continued)

The roll rate on each age band is carefully considered, taking into account, among others, (i) the historical loss pattern based on actual settlement record of the customers; (ii) historical amount of bad debt written off from the trade receivables (if any); (iii) the percentage of trade receivable balances in one age band rolled to the next age band; (iv) the relevant credit rating, background and existence of any negative news affecting the credibility of an individual customer; and (v) other forward-looking macroeconomic factors.

Forward-looking adjustment

The Company adjusts the historical loss rate taking into account forward-looking factors. The Company has applied multiple factor regression model for determining the forward-looking factor adjustment. The adjustment determined by the multiple factor regression model is significantly affected by some significant changes in the market indexes at the end of each reporting period, the current market conditions and future economic environment. The macroeconomic factors including the GDP Price Index, construction industrial index and Money Supply data in the PRC are considered relevant in calculating the adjustment as most of the customers and projects are carried out in the PRC.

At the end of each reporting period, the historical default rates are updated and changes in the forward-looking estimates are analyzed. However, given exposure to credit risk in short term, the effects from those macroeconomic factors in the reporting period are insignificant/forward-looking information is applied, the Company has taken into account the relevant possible effects from changes in general economic environment.

Trade receivables, bill receivables and contract assets are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to engage with the Company on alternative payment arrangement is considered to be indicators of no reasonable expectation of recovery.

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Forward-looking adjustment (continued)

Based on the above, expected credit losses for trade receivables, bill receivables and contract assets have been determined as below:

Item	Closing balance	Balance at the end of last year
Expected credit loss rate:		
— trade receivables (note)	6.93%	5.58%
— bill receivables	1.32%	1.19%
— contract assets	1.32%	1.20%
Gross carrying amount:		
— trade receivables	6,404,345,303.71	6,823,405,053.50
— bill receivables	127,743,949.86	216,462,189.48
— contract assets	6,511,633,201.60	5,734,560,459.87
Expected credit losses:		
— trade receivables	443,671,951.84	380,569,250.79
— bill receivables	1,682,477.68	2,584,648.27
— contract assets	85,789,192.00	68,839,299.79

Note: The following table is an aging analysis of the net carrying amount of the trade receivables (based on invoice date) together with the expected credit loss rate during each of the reporting period:

Item	Closing balance		Balance at the end of last year	
	Trade receivables	Expected credit loss rate (%)	Trade receivables	Expected credit loss rate (%)
Within 1 year	3,136,273,936.77	1.32	4,212,647,119.36	1.20
1 to 2 years	1,907,612,990.50	3.51	1,508,741,075.41	3.68
2 to 3 years	795,846,401.32	7.30	454,044,159.06	7.66
3 to 4 years	202,679,085.18	13.53	165,895,313.13	13.15
4 to 5 years	165,534,537.78	22.20	101,508,135.75	26.45
Over 5 years	196,398,352.16	100.00	—	100.00
Total	6,404,345,303.71	6.93	6,442,835,802.71	5.58

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost include other receivables and cash. In order to minimize the credit risk of other receivables, the management of the Company has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information, and make adjustment based on the weighted probability of forward-looking information including operation default rate of debtors. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. If the credit risk of debt instruments is considered to be high, collateral is required before granting the debts to debtors. In these regards, the credit risk of other receivables is considered to be low.

Besides, as at December 31, 2024, it is expected that other receivables from debtors amounted to RMB802,073,353.52 (2023: RMB825,233,882.28) in aggregate. As disclosed in Note V.6, except for other receivables, all fall within Stage 2 and Stage 3. After taking into account the factors in Note III.10, the management of the Company considers there is no significant increase in credit risk on other receivables since initial recognition as the risk of default is low. Therefore, expected credit losses determination is based on 12-month expected credit losses for other receivables under Stage 1. The expected credit loss rate for other receivables was 6.51% (2023: 4.51%) as at December 31, 2024.

(2) Liquidity risk

Liquidity risk refers to the risk that the Company may encounter deficiency of funds in meeting obligations settled by delivering cash or other financial assets.

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents that management deems sufficient to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank loans and ensures compliance with the loan agreements. At the same time, the Company obtains commitments from major financial institutions to provide sufficient reserve funds, so as to meet short-term and long-term funding needs.

The Company raises operating funds through the funds generated from its business operations, bank loans and other borrowings. As at the end of the period, the unutilized banking facilities of the Company amounted to RMB8,201,176,200 (the end of last year: RMB6,589,909,900).

The liquidity of the Company mainly depends on the ability to maintain sufficient operation cash inflow to repay debts when due, and ability to obtain external finance to fund future capital expenditure committed.

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(2) Liquidity risk (continued)

At the end of the period, the financial liabilities and off-balance sheet guarantee items held by the Company were analyzed according to the maturity period of the undiscounted remaining contractual cash flows as below (Unit: RMB ten thousand):

Item	Closing balance			Total
	Within one year	From one year to five year	Over five years	
Financial liabilities:				
Short-term borrowings	240,064.62	—	—	240,064.62
Notes payables	188,838.25	—	—	188,838.25
Trade payables	949,242.31	—	—	949,242.31
Other payables	58,339.43	—	—	58,339.43
Non-current liabilities due within one year	76,787.28	—	—	76,787.28
Other current liabilities (excluding deferred income)	87,259.09	—	—	87,259.09
Long-term borrowings	15,667.15	185,335.41	193,479.83	394,482.39
Lease liabilities	—	4,938.93	9,069.47	14,008.40
Guarantees provided to external parties	10,576.06	—	—	10,576.06
Total financial liabilities and contingent liabilities	1,626,774.19	190,274.34	202,549.30	2,019,597.83

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(2) Liquidity risk (continued)

At the end of last year, the financial liabilities and off-balance sheet guarantee items held by the Company were analyzed according to the maturity period of the undiscounted remaining contractual cash flows as below (Unit: RMB ten thousand):

Item	Closing balance			Total
	Within one year	From one year to five year	Over five years	
Financial liabilities:				
Short-term borrowings	244,311.83	—	—	244,311.83
Notes payables	137,433.00	—	—	137,433.00
Trade payables	901,982.87	—	—	901,982.87
Other payables	89,393.70	—	—	89,393.70
Non-current liabilities due within one year	74,841.71	—	—	74,841.71
Other current liabilities (excluding deferred income)	99,925.50	—	—	99,925.50
Long-term borrowings	129,896.96	131,113.08	140,937.93	401,947.97
Lease liabilities	—	6,308.30	9,531.78	15,840.09
Guarantees provided to external parties	1,231.14	—	—	1,231.14
Total financial liabilities and contingent liabilities	1,679,016.71	137,421.38	150,469.71	1,966,907.81

The amount of financial liabilities as disclosed in the above table represents the undiscounted contractual cash flow and thus it might be different from the carrying amount in the balance sheet.

The maximum guarantee amount for signed guarantee contracts does not represent the amount to be paid.

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(3) Market risk

Market risk of financial instruments refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices, including interest rate risk, exchange rate risk, and other price risks.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuate due to market rate changes. Interest rate risk arises from recognized interest-bearing financial instruments and unrecognized financial instruments (such as certain loan commitments).

The Company's interest rate risk arises mainly from long-term bank borrowings and other long-term interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

The Company closely monitors the impact of interest rate changes on the Company's interest rate risk. The Company does not have an interest rate hedging policy. However, the management is responsible for monitoring interest rate risk and will consider hedging significant interest rate exposure if necessary. An increase in interest rate will increase the cost of new interest-bearing debts as well as interest expense on the Company's outstanding interest-bearing debts with floating interest rates, and have a material adverse effect on the Company's financial results. The management will make timely adjustments based on the latest market conditions, which may be in the form of interest rate swaps arranged to reduce interest rate risk.

Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuate due to changes in foreign exchange rates. The exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the accounting currency.

Exchange rate risk mainly represents the exposure of the Company's financial position and cash flows to fluctuations in foreign exchange rates. Except for the subsidiaries established in Hong Kong which hold assets denominated in Hong Kong dollars, the investment business in Hong Kong market only accounts for a small portion, and the proportion of foreign currency assets and liabilities held by the Company to the overall assets and liabilities is insignificant. Therefore, the Company considers that the exposure to exchange rate risk is insignificant.

Other price risks

Other price risks refer to the risks of fluctuations due to changes in market price other than exchange rate risk and interest rate risk, whether these changes are caused by factors related to individual financial instruments or their issuers, or by factors related to all similar financial instruments traded in the market.

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VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

2. Capital Management

The Company's capital management policy aims to ensure its ability to continue operating, thereby providing returns to shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to minimize capital costs.

To maintain or adjust the capital structure, the Company may modify financing methods, adjust dividend paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or dispose of assets to reduce debts.

The Company's gearing ratio at the end of the period was 86.14% (at the end of last year: 86.71%).

The Company utilizes the gearing ratio to monitor its capital. To more effectively reflect the gearing ratio of the Group, as at the balance sheet date, the Company formulates its gearing ratio as below:

Such ratio is calculated by dividing net debts by total capital. Net debt is total borrowings (including short-term borrowings, long-term borrowings due within one year and long-term borrowings) less cash balance presented in the statement of cash flow. Total capital is the sum of shareholders' equity and net debt presented in the consolidated balance sheet. Total shareholders' equity includes shareholders' equity attributable to the parent company and minority interests.

As at the balance sheet date, the Company's gearing ratio is as below:

Item	Closing balance	Balance at the end of last year
Short-term borrowings	2,400,646,241.06	2,443,118,301.63
Long-term borrowings due within one year	747,368,112.06	436,581,823.79
Long-term borrowings	2,970,909,063.45	3,072,086,262.06
Less: Cash balance presented in the statement of cash flow	2,200,842,548.68	2,090,162,557.78
Net debts	3,918,080,867.89	3,861,623,829.70
Shareholders' equity	3,343,355,841.44	3,125,804,401.31
Total capital	7,261,436,709.33	6,987,428,231.01
Gearing ratio	53.96%	55.27%

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IX. FAIR VALUE

The level in which fair value measurement is categorized is determined by the lowest level of inputs that are significant to the overall measurement in fair value measurement. The levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than market quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from price).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Items and amounts measured at fair value

At the end of the period, assets and liabilities measured at fair value are presented according to the above three levels as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading	—	—	—	—
1. Investment in equity instruments	—	—	—	—
2. Financial assets designated at fair value through profit or loss	—	—	—	—
(II) Receivables financing	—	—	69,252,401.61	69,252,401.61
(III) Investment in other equity instruments	—	—	147,831,516.62	147,831,516.62
(IV) Investment properties	—	—	187,722,100.00	187,722,100.00
1. Leased land use rights	—	—	—	—
2. Leased buildings	—	—	187,722,100.00	187,722,100.00
3. Land use rights held for transfer after appreciation	—	—	—	—
Total assets measured at fair value on a recurring basis	—	—	404,806,018.23	404,806,018.23

During the year, there were no transfers between Level 1 and Level 2 in the fair value measurement of the Company's financial assets and financial liabilities, and there were no transfers into or out of Level 3.

For financial instruments traded in active markets, the Company determines their fair value based on their quoted prices in active markets; and for financial instruments not traded in active markets, the Company uses valuation techniques to determine their fair value. The valuation models used mainly include the discounted cash flow model and the market comparable company model. The inputs for valuation techniques mainly include risk-free rate, benchmark rate, exchange rate, credit spread, liquidity premium, and discount for lack of marketability.

Items and amounts not measured at fair value but for which fair value is disclosed

The financial assets and financial liabilities at amortized cost of the Company mainly include: cash, bill receivables, trade receivables, other receivables, short-term borrowings, bill payables, trade payables, other payables, long-term borrowings due within one year, long-term payables, long-term borrowings, and bond payables.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent Company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB'0,000)	Shareholding of the parent company in the Company (%)	Voting right of the parent company in the Company (%)
Shanxi Construction Investment Group Co., Ltd.	Taiyuan, Shanxi	Building construction	500,000.00	71.35	71.35

The parent company of the Company is Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司) ("Shanxi CIG").

The ultimate holding company of the Company is Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司) ("SSCO"), and the ultimate controller of the company is the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province (山西省人民政府國有資產監督管理委員會).

The changes in registered capital (paid-in capital) of the parent company during the reporting period are as follows: Unit: RMB'0,000

Opening balance	Increase in the period	Decrease in the period	Closing balance (Unaudited)
500,000.00	—	—	500,000.00

2. Subsidiaries of the Company

See Note VI.1 for details of the subsidiaries.

3. Joint Ventures and Associates of the Company

See Note VI.7 for details of the significant joint ventures and associates.

Notes to the Consolidated Financial Statements

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company

Name of the Related Party	Relationship with the Company
Shanghai Rongda Investment Management Co., Ltd.	A shareholder of the Company having the same ultimate holding parent company
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate
Shanxi Construction Investment International Investment Co., Ltd.	An associate
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate
Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	An associate
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	An associate
Taiyuan Xie'an Property Service Co., Ltd.	An associate
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	An associate
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate
Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the parent company
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company
Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under common control of the parent company
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the parent company
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Second Construction Group Co., Ltd. Comprehensive Reform Demonstration Zone Branch	A company under common control of the parent company
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under common control of the parent company
Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under common control of the parent company
Shanxi Construction Materials Trading Co., Ltd.	A company under common control of the parent company
Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company
Shanxi Construction Investment Group Co., Ltd.	A company under common control of the parent company
Shanxi Construction Investment Group Co., Ltd. Beijing Headquarter	A company under common control of the parent company
Shanxi Construction Investment Group Co., Ltd. East China Regional Headquarter	A company under common control of the parent company
Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou International Construction Group Co., Ltd.	A company under common control of the parent company

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of the Related Party	Relationship with the Company
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Cloud Data Smart Technology Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jianye Material Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd. Fourth Engineering Company	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under common control of the parent company
Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the parent company
Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under common control of the parent company
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Lvjian Zhizao Decorative Aluminium Board Technology Co., Ltd.	A company under common control of the parent company
Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the parent company
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company
Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Urban Renewal Construction Operation Management Co., Ltd.	A company under common control of the parent company
Shanxi Engineering Machinery Co., Ltd.	A company under common control of the parent company
Shanxi Engineering Machinery Co., Ltd. Xi'an Branch	A company under common control of the parent company
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Research Institute Testing Centre Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Decoration Engineering Co., Ltd. First Branch	A company under common control of the parent company
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Material Supply Station	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Second Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Eleventh Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Fifth Branch	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd. Fire Fighting Installation Branch	A company under common control of the parent company
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the parent company
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of the Related Party	Relationship with the Company
Shanxi Fifth Construction Group Co., Ltd. Municipal Engineering Company	A company under common control of the parent company
Shanxi Xiaohe International Conference Centre Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe International Convention and Exhibition Centre Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the parent company
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company
Shanxi Xu'an Real Estate Development Co., Ltd.	A company under common control of the parent company
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company
Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under common control of the parent company
Shanxi Zhongyuanda Machinery Construction Co., Ltd.	A company under common control of the parent company
Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under common control of the parent company
Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company
Shenzhen Warranty Asset Management Co., Ltd.	A company under common control of the parent company
Tengye Steel Structure Co., Ltd.	A company under common control of the parent company
Tongfang Pharmaceutical Group Co., Ltd.	A company under common control of the parent company
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company
Yuncheng Central Heating Project Construction Command Unit	A company under common control of the parent company
Shanxi Aobo Construction Industry Co., Ltd.	A company under common control of the parent company
Northern Copper Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Beixinyao Coal Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller
Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller
Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller
Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller
Huguan Coal Sales Thermal Power Co., Ltd.	A company under common control of the de facto controller
Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller
Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under common control of the de facto controller
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the de facto controller
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the de facto controller
Jinjian Private Equity Fund Management (Hengqin) Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Zezhou New Energy Co., Ltd.	A company under common control of the de facto controller
Jinkong Jinshi Chemical Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Group Shanxi Engineering Consultation Co., Ltd.	A company under common control of the de facto controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of the Related Party	Relationship with the Company
Jinneng Holding Coal Industry Group Shuozhou Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller
Linfen Linyun Yaosheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller
Lingchuan Huimin Coalbed Methane Utilization Co., Ltd.	A company under common control of the de facto controller
Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller
Shanxi Beifang Copper Co., Ltd.	A company under common control of the de facto controller
Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller
Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller
Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Guoxin Kelai Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller
Shanxi Hangchan Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsha Construction Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsheng Kejian Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Huashan Property Management Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxinjin Medicine Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxin Biomass Energy Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under common control of the de facto controller
Shanxi Jiasheng Tendering Agency Co., Ltd.	A company under common control of the de facto controller
Shanxi Jiantou Group Decoration Co., Ltd.	A company under common control of the de facto controller
Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller
Shanxi Transportation Holdings Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller
Shanxi Jindafeng Natural Gas Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of the Related Party	Relationship with the Company
Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller
Shanxi Jindong Xuneng Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Jintou Basalt Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller
Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller
Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Municipal Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Solar Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Seraphim Photovoltaic System Co., Ltd.	A company under common control of the de facto controller
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Sales Guodian Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Mingyuan Chemical Co., Ltd.	A company under common control of the de facto controller
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller
Shanxi Rongguang Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Expressway Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Coke Group Yilong Coking Co., Ltd.	A company under common control of the de facto controller
Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Gas Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Conservancy and Hydropower Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of the Related Party	Relationship with the Company
Shanxi Water Conservancy and Hydropower Survey and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller
Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Control Equipment Manufacturing Co., Ltd.	A company under common control of the de facto controller
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller
Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Tianshi Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi General Aviation UAV Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiazhai Water Control Engineering Investment Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiazhai Water Control Network Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiazhai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinchenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinghuacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Compressed Natural gas Group Jinzhong Co., Ltd.	A company under common control of the de facto controller
Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Fengxi Quanji Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Group Nianguo Coal Industry Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller
Shanxi Yaoguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller
Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller
SPF (Suzhou) Biotechnology Co., Ltd.	A company under common control of the de facto controller
Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller
Taiyuan International Airport Co., Ltd.	A company under common control of the de facto controller
Taiyuan Engineering Tiancheng Electronic Information Technology Co., Ltd.	A company under common control of the de facto controller
Taiyuan Gasification Longquan Energy Development Co., Ltd.	A company under common control of the de facto controller
Taiyuan Gas Installation Engineering Co., Ltd.	A company under common control of the de facto controller
Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller
Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of the Related Party	Relationship with the Company
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller
Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller
New Vision Changzhi Lighting Electrical Co., Ltd.	A company under common control of the de facto controller
Yangmei Group Taiyuan Chemical New Materials Co., Ltd.	A company under common control of the de facto controller
Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller
Yuncheng Yunqi Freight Co., Ltd.	A company under common control of the de facto controller
Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller
Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller
WANG Limin	Chairman, secretary of the Communist Party Committee
REN Rui	Vice president, general manager, deputy secretary of the Communist Party Committee
ZHANG Yan	Vice president, deputy secretary of the Communist Party Committee, chairman of the labor's union
DU Jiang	Secretary of the Discipline Inspection Commission, member of the Communist Party Committee
MU Jianwei	Non-executive director
FENG Cheng	Non-executive director
ZHANG Hongjie	Non-executive director
XU Guanshi	Non-executive director
SHIN Chuck Yin	Independent non-executive director
GUO He	Independent non-executive director
WU Qiusheng	Independent non-executive director
WANG Jingming	Independent non-executive director
LIANG Bo	Chief engineer, member of the Communist Party Committee
ZHOU Saimei	Chief accountant
ZHANG Xiaodong	Secretary of the Board
NIU Xiaoping	Deputy general manager, member of the Communist Party Committee
WANG Jianjun	Deputy general manager, chief safety officer

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions

(1) Related party purchase and sales

① Purchase of goods and receipt of services

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	Payment for materials	—	10,784,303.00
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	57,492,932.66	44,009,830.86
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	55,440,025.24	32,914,507.57
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Payment for materials	382,967,237.52	875,744,115.57
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the parent company	Payment for materials	35,329.45	2,525,066.62
Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller	Payment for materials	38,767,370.29	38,610,940.42
Shanxi Longteng Zhongtian Technology Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	240,000.00
Shanxi Lu'an Seraphim Photovoltaic System Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	21,191,214.00
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for materials	—	187,721.00
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for materials	—	33,042,941.13
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	Payment for materials	124,898,975.16	106,340,704.89
Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,692,695.92	2,122,412.30
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company	Payment for materials	16,778,229.69	12,576.30
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	91,750,000.00
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	Service fees	—	1,559,060.00
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	Service fees	—	8,345.99
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company	Service fees	50,000.00	130,000.00
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company	Service fees	66,302.00	60,000.00
Shanxi Construction Investment Group Co., Ltd.	Parent company	Service fees	182,264.16	553,986.55
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Service fees	—	2,362,665.97
Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	Service fees	—	300,000.00
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the parent company	Service fees	30,000.00	100,000.00
Shanxi Architectural Research Institute Testing Centre Co., Ltd.	A company under common control of the parent company	Service fees	5,300.00	3,000.00
Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller	Service fees	—	51,500.00
Taiyuan Xie'an Property Service Co., Ltd.	An associate	Service fees	1,478,059.64	8,873,563.71
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	An associate	Service fees	—	152,424.00
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	Payment for construction	20,524,876.39	2,230,000.00
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	Payment for construction	589,701.99	1,722,000.00
Shanxi Guoxin Kelai Natural Gas Co., Ltd.	A company under common control of the de facto controller	Payment for construction	—	1,279,872.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

① Purchase of goods and receipt of services (continued)

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Shanxi Construction Investment Group Co., Ltd.	Parent company	Payment for construction	10,806,824.46	337,556.09
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for construction	5,040,026.76	52,314.03
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Payment for construction	—	5,065,861.04
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	Payment for construction	381,600.00	1,438,340.64
Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Payment for construction	298,733.33	318,933.34
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	—	150,000.00
Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	598,171.53	8,646,160.77
Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	Payment for construction	180,000.00	980,377.36
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company	Payment for construction	264,419.00	264,419.00
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Payment for construction	—	300,000.00
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company	Payment for construction	3,451,966.02	6,396,903.34
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	3,445,640.00	3,748,126.29
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	—	800,000.00
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Payment for construction	8,049,870.62	677,930.00
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company	Payment for construction	858,607.55	11,646,800.77
Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under common control of the parent company	Payment for construction	10,230.00	16,416.01
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	Payment for construction	71,713.00	1,173,981.00
Shanxi Beifang Copper Co., Ltd.	A company under common control of the de facto controller	Labor service fees	—	2,773,185.74
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the parent company	Labor service fees	—	837,693.70
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Labor service fees	386,945,129.02	298,376,450.78
Shanxi General Aviation UAV Co., Ltd.	A company under common control of the de facto controller	Payment for equipment	—	194,617.00
Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,566,000.00	—
Shanxi Hangchan Technology Co., Ltd.	A company under common control of the de facto controller	Payment for materials	120,000.00	—
Shanxi Construction Investment Group Co., Ltd.	Parent company	Payment for materials	5,294,820.20	—
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	Payment for materials	9,242,278.99	—
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	1,837,434.31	—
Shanxi Jintou Basalt Development Co., Ltd.	A company under common control of the de facto controller	Payment for materials	247,707.84	—
Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,279,378.30	—
Shanxi Lvjian Zhizao Decorative Aluminium Board Technology Co., Ltd.	A company under common control of the parent company	Payment for materials	435,000.17	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

① Purchase of goods and receipt of services (continued)

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Shanxi Wanjiazhai Water Control Network Development Co., Ltd.	A company under common control of the de facto controller	Payment for materials	65,352.48	—
Shanxi Transformation and Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	An associate	Payment for materials	132,031.46	—
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Service fees	340,368.84	—
Shanxi Beifang Copper Co., Ltd.	A company under common control of the de facto controller	Payment for construction	244,000.00	—
Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under common control of the de facto controller	Payment for construction	5,631,577.50	—
Jincheng Hongshengrun Landscape Plantation Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,766,880.00	—
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the parent company	Service fees	446,875.00	—
Shanxi Construction Decoration Engineering Co., Ltd.	A company under common control of the parent company	Payment for materials	6,919,481.52	—
Jinneng Holding Group Shanxi Engineering Consultation Co., Ltd.	A company under common control of the de facto controller	Service fees	61,111.00	—
Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller	Service fees	500.00	—
Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	Service fees	326,000.00	—
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	47,399.00	—
Shanxi Construction Investment Group Co., Ltd.	Parent company	Labor service fees	2,000,000.00	—

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Northern Copper Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	10,504,576.05	29,519,495.56
Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	526,085.70	118,791.48
Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	36,859,413.29	34,193,505.29
Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	24,069,950.47	130,079,847.88
Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	58,862,016.38	66,583,761.07
Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	72,687,085.01	34,516,678.03
Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	10,784,885.65	1,860,140.37
Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	—	265,975.97
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	9,721.98
Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	6,616.66
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	16,286,877.51	415,853.25
Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	7,740,716.36	8,178,814.11
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	Specialized industrial construction	5,935,392.36	18,894,723.54
Shanxi Construction Investment Group Co., Ltd.	Parent company	Specialized industrial construction	141,742,316.33	284,162,638.30
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	8,305.24
Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	1,413,626.10	451,041.12
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	10,463,816.62	36,217.59
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	2,819,571.93	915,294.45
Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	1,127,554.76	22,915,272.98
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	283.76
Shanxi Xiaohu International Conference Centre Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	-277.96
Shanxi Xiaohu International Convention and Exhibition Centre Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	-174,040.11
Shanxi Xiaohu New City Hotel Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	—	463,800.96
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	1,140,181.12	1,270,701.28
Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	—	1,536,440.27
Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	311,314.49	1,309,524.56
Shanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	3,183,574.41	24,306,259.21

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	—	431,636.25
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	399,061.30	2,440.29
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the parent company	Specialized industrial construction	4,572,924.54	—
Jinneng Holding Coal Industry Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	1,320,000.00	—
Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	11,574,637.36	—
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	222,729.03	—
Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	76,273,497.25	—
Shanxi Tianshi Electricity Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	102,553.48	—
Jinneng Holding Coal Industry Group Co., Ltd. Yungang Mine	A company under common control of the de facto controller	Specialized auxiliary construction	—	-2,517,288.18
Shanxi Construction Investment Group Co., Ltd.	Parent company	Specialized auxiliary construction	15,492,959.93	68,254,052.85
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Specialized auxiliary construction	—	37,584,142.29
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Specialized auxiliary construction	—	406,334.20
Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	49,371.12
Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	2,367,717.77	1,361,658.79
Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	4,284,268.91	4,507,976.99
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	-681.03
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,192,722.85	3,158,062.66
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	-3,485,528.23
Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	2,378,957.38
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	Specialized auxiliary construction	—	320,168.65
Shanxi Xinshenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,035,926.02	160,296.33
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	Specialized auxiliary construction	—	259,715.60
Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	4,299,593.94
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	Specialized auxiliary construction	1,459,433.92	1,181,632.44
Taiyuan Gasification Longquan Energy Development Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,165,557.14	—
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	493,817.05	—
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company	Other construction	-3,159,072.89	25,336,090.59

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Other construction	3,851,992.47	10,544,704.05
Shanxi Guokong Cultural and Creative Investment Development Co., Ltd. (Phase I and II)	A company under common control of the de facto controller	Other construction	—	2,272,666.67
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	Other construction	729,669.79	209,418.26
Shanxi Jiantou Jian'an Property Management Co., Ltd.	A company under common control of the parent company	Other construction	—	2,066,905.36
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Other construction	—	1,122,251.94
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	Other construction	880,057.36	838,155.80
Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	Other construction	3,250,408.99	7,804,606.05
Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	Other construction	17,587,784.79	10,767,954.68
Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	Other construction	—	1,198,054.70
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	Other construction	-8,138,470.00	100,132,859.56
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	Other construction	16,758,893.11	11,951,754.63
Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	Other construction	7,626,811.83	3,323,263.46
Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller	Other construction	—	7,305,389.50
Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	Other construction	—	250,319.17
Shanxi Xiaohu New City Hotel Co., Ltd.	A company under common control of the parent company	Other construction	—	2,668,193.10
Shanxi Transformation and Comprehensive Reform Demonstration Zone Shan'an Green Construction Technology Co., Ltd.	An associate	Other construction	—	2,718,972.29
Shanxi Wanjiazhai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	Other construction	3,730,249.93	—
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	Other construction	64,523.68	—
Shanxi Construction Investment Group Co., Ltd.	Parent company	Other construction	-59,956.33	—
Linfen Linyun Yaosheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller	Non-construction income	—	1,508,911.04
Lingchuan Huimin Coalbed Methane Utilization Co., Ltd.	A company under common control of the de facto controller	Non-construction income	—	35,734.19
Shanxi Aobo Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	—	2,971.76
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	286,442.74	9,889,940.95
Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	Non-construction income	—	28,211.20
Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	648,870.33	1,328,487.27
Shanxi Second Construction Group Co., Ltd. Comprehensive Transformation Demonstration Zone Branch	A company under common control of the parent company	Non-construction income	—	4,937,083.21
Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	Non-construction income	827,649.92	7,613,782.01

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	2,724,319.81	7,974,699.92
Shanxi Construction Investment Group Co., Ltd.	Parent company	Non-construction income	3,937,398.37	587,594.02
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	893,537.91	535,015.70
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	866,973.55	876,574.47
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Non-construction income	2,693,341.43	37,519,619.57
Shanxi Jiantou Cloud Data Smart Technology Co., Ltd.	A company under common control of the parent company	Non-construction income	—	-2,048.85
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	Non-construction income	—	44,832.01
Shanxi Construction Engineering Group Co., Ltd. Fourth Engineering Company	A company under common control of the parent company	Non-construction income	—	-88,212.02
Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under common control of the parent company	Non-construction income	2,650,931.45	108,998.68
Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd. Xinjiang Branch	A company under common control of the de facto controller	Non-construction income	—	2,684.85
Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	Non-construction income	2,124,102.13	4,473,445.80
Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	—	197.43
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	—	6,099,689.45
Shanxi Fourth Construction Group Co., Ltd. Sixth Branch	A company under common control of the parent company	Non-construction income	—	214,805.69
Shanxi Fourth Construction Group Co., Ltd. Eleventh Branch	A company under common control of the parent company	Non-construction income	—	1,111,991.41
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	14,563.11	43,404.65
Shanxi Xiaohu Construction Industry Co., Ltd.	A company under common control of the parent company	Non-construction income	1,879,248.67	1,198,542.22
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	Non-construction income	275,242,141.97	261,791,781.38
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	—	848,284.74
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Non-construction income	—	-15,656.42
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	Non-construction income	536,671.80	7,352,625.50
Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller	Non-construction income	—	109,083.31
Yuncheng Yunqi Freight Co., Ltd.	A company under common control of the de facto controller	Non-construction income	—	457,245.77
Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller	Non-construction income	—	56,422.40
Jinneng Holding Coal Industry Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Non-construction income	247,735.85	—
Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller	Non-construction income	75,471.70	—
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Non-construction income	311,320.76	—
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company	Non-construction income	553,604.64	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	Amount for the period	Amount for the last period
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company	Non-construction income	155,094.34	—
Shanxi Luqiao Municipal Engineering Co., Ltd.	A company under common control of the de facto controller	Non-construction income	256,603.77	—
Shanxi Lu'an Solar Power Co., Ltd.	A company under common control of the de facto controller	Non-construction income	66,037.74	—
Shanxi Construction Decoration Engineering Co., Ltd. First Branch	A company under common control of the parent company	Non-construction income	192,258.35	—
Shanxi Fourth Construction Group Co., Ltd. Fire Fighting Installation Branch	A company under common control of the parent company	Non-construction income	38,343.78	—
Shanxi Fifth Construction Group Co., Ltd. Municipal Engineering Company	A company under common control of the parent company	Non-construction income	99,952.47	—
Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	Non-construction income	4,539,991.40	—
Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company	Non-construction income	216,981.13	—
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company	Non-construction income	299,073.20	—
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	Other business income	4,339,622.64	—
Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller	Non-construction income	330,188.68	—

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Related party leases

① The Company as a lessor

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the last period
Jinjian International Finance Lease (Tianjin) Co., Ltd.	Buildings	—	237,332.33
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	Buildings	—	348,245.21
Jinjian Private Equity Fund Management (Hengqin) Co., Ltd.	Buildings	—	348,245.21
Shanxi Construction Investment Group Co., Ltd.	Buildings	7,969,719.18	5,721,570.75
Shanxi Jiantou Supplies Trading Co., Ltd.	Buildings	—	767,550.04
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Buildings	574,138.10	476,915.36
Shanxi Fifth Construction Group Co., Ltd.	Buildings	34,780.00	4,253.00
Shanxi First Construction Group Co., Ltd.	Buildings	35,933.00	61,402.62
Shenzhen Huakong Kaidi Investment Development Co., Ltd. Shanxi Branch	Buildings	—	239,524.33
Shenzhen Warranty Asset Management Co., Ltd.	Buildings	275,830.48	274,946.66
Taiyuan Xie'an Property Service Co., Ltd.	Buildings	428,676.71	127,779.73
Tongfang Pharmaceutical Group Co., Ltd.	Buildings	—	57,827.44
Shanxi Construction Engineering Group Co., Ltd.	Buildings	76,190.48	—
Shanxi Construction Investment Group Co., Ltd. Beijing Headquarter	Buildings	254,774.72	—
Shanxi Fourth Construction Group Co., Ltd. Eleventh Branch	Equipment	44,247.79	—
Shanxi Eighth Construction Group Co., Ltd.	Equipment	—	140,396.99

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Related party leases (continued)

① The Company as a lessor (continued)

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the last period
Shanxi Fourth Construction Group Co., Ltd. Second Branch	Equipment	—	534,834.05
Shanxi Fourth Construction Group Co., Ltd. Fifth Branch	Equipment	—	225,512.58
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Equipment	818,030.00	769,942.23
Shanxi Construction Investment Group Co., Ltd. East China Regional Headquarter	Transportation	53,375.00	106,407.95

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Related party leases (continued)

② The Company as a lessee

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the last period
Taiyuan Xie'an Property Service Co., Ltd.	Buildings	—	21,238.57
Shanxi Construction Materials Trading Co., Ltd.	Buildings	195,000.73	—
Shanxi Construction Investment Group Co., Ltd. (Headquarters)	Construction machinery	37,499.67	1,338,724.48
Shanxi Jiantou Construction Industry Co., Ltd.	Construction machinery	—	152,280.00
Shanxi Jiantou Supplies Trading Co., Ltd.	Construction machinery	358,995.18	468,293.88
Shanxi Construction Engineering Group Co., Ltd.	Construction machinery	—	1,122,297.16
Shanxi Keyuan Construction Research and Testing Co., Ltd.	Construction machinery	31,560.00	23,000.00
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	Construction machinery	537,261.00	4,316,354.72
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	Construction machinery	152,424.00	—
Shanxi Construction Equipment Tools Leasing Co., Ltd.	Construction machinery	19,500.00	—
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Construction machinery	1,972,831.84	1,692,161.59

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

Additions of right-of-use assets during the year in which the Company is a lessee:

Nil.

Interest expenses on lease liabilities borne during the year by the Company as a lessee:

Nil.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(3) Related party guarantees

① The Company as a guarantor

Guarantee	Guarantee amount	Guarantee commencement date	Guarantee due date	Whether the guarantee has been fulfilled
Xinjiang Shan'an Waterwork Management Co., Ltd.	362,410,000.00	June 27, 2019	June 23, 2037	No
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	339,928,100.00	June 20, 2019	June 17, 2039	No
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	259,875,000.00	May 31, 2019	February 15, 2039	No
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	238,500,000.00	October 18, 2019	January 20, 2039	No
Liulin Shan'an Bluesky Heating Co., Ltd.	235,000,000.00	September 24, 2019	September 23, 2047	No
Qinshui Shan'an Construction Development Co., Ltd.	210,674,480.84	January 19, 2023	January 19, 2040	No
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	135,200,000.00	October 29, 2018	October 29, 2035	No
Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	129,131,990.12	November 8, 2023	November 8, 2029	No
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	103,000,000.00	May 31, 2021	May 30, 2032	No
Lingchuan Shan'an Construction Development Co., Ltd.	89,900,000.00	October 23, 2018	October 30, 2033	No
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	86,200,000.00	August 15, 2019	July 8, 2033	No
Linfen Shan'an Waterwork Development Co., Ltd.	56,712,000.00	October 28, 2021	October 27, 2036	No
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	16,716,197.25	August 24, 2024	June 24, 2034	No
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	5,844,880.00	May 11, 2023	May 9, 2033	No
Shanxi Ningyang Energy Co., Ltd.	3,500,000.00	March 30, 2020	March 19, 2025	No
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,705,959.00	February 1, 2019	January 31, 2035	No
Total	2,274,298,607.21			

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(3) Related party guarantees (continued)

- ② The Company as a guarantee
Nil.

(4) Borrowings from and to related parties

Related party	Borrowing amount	Commencement date	Due date	Explanation
From:				
Jinjian International Finance Lease (Tianjin) Co., Ltd.	9,727,853.88	2025/3/6	2027/12/6	Long-term borrowings
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	38,399,866.42	2024/1/1	2024/12/31	Short-term borrowings
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	118,228,135.42	2024/6/23	2025/6/22	Short-term borrowings
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	191,695,259.19	2024/4/26	2025/4/25	Short-term borrowings
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	361,957.13	2024/4/26	2025/4/24	Short-term borrowings
To:				
Nil				

(5) Other transactions

Related party	Closing balance	Commencement date	Due date	Explanation
Shanxi Jiantou International Investment Co., Ltd.	73,555.59	2023/3/16	2025/9/15	Interest income
Jinjian International Finance Lease (Tianjin) Co., Ltd.	1,114,427.18	2022/1/21	2027/12/6	Interest expenses
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	20,470,764.64	2024/4/26	2025/4/24	Interest expenses
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	4,522,023.58	2023/10/24	2026/10/24	Interest expenses
Hongchuang Financial Leasing Co., Ltd.	3,450,626.71	2022/12/8	2026/12/8	Interest expenses
Shanxi Xiaohe Construction Industry Co., Ltd.	7,921,666.66	2019/5/24	2024/4/11	Interest expenses
Shanxi Construction Investment Group Co., Ltd.	9,439,166.66	2023/7/5	2024/7/5	Interest expenses

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties

(1) Receivables from related parties

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Datong Coal Mining Group Beixinyao Coal Co., Ltd.	A company under common control of the de facto controller	2,633,082.97	218,066.58	3,101,520.42	592,220.91
Trade receivables	Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	6,402,000.00	467,501.43	6,402,000.00	235,816.46
Trade receivables	Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	10,781,568.40	142,044.91	22,054,485.20	264,769.01
Trade receivables	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	17,952,392.78	249,495.04	21,375,167.54	256,613.65
Trade receivables	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company	38,598,156.67	1,620,638.40	43,683,441.58	824,616.84
Trade receivables	Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	3,766,871.87	49,627.75	13,680,214.41	164,234.02
Trade receivables	Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	24,078,862.20	317,233.98	1,463,631.44	17,571.22
Trade receivables	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	—	—	15,359.57	184.40
Trade receivables	Jinneng Holding Coal Industry Group Shuozhou Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	—	—	9,636,110.65	115,683.66
Trade receivables	Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller	17,172,415.00	703,295.33	12,580,500.00	400,317.53
Trade receivables	Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company	5,832,909.55	197,819.07	7,498,999.91	100,056.98
Trade receivables	Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	5,438,248.60	71,647.79	5,740,673.60	68,918.07
Trade receivables	Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	19,896,563.95	1,637,931.13	25,908,331.55	997,280.87
Trade receivables	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	4,948,287.22	76,912.24	4,914,280.06	58,997.03
Trade receivables	Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	15,223,963.86	2,644,418.75	6,365,043.05	885,598.17
Trade receivables	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	784,280.82	56,871.90	1,743,299.96	281,436.37
Trade receivables	Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller	—	—	1,015,449.26	133,524.51
Trade receivables	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	839,225.40	11,056.62	1,958,192.60	72,129.65
Trade receivables	Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	—	—	202,126.00	2,426.57
Trade receivables	Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company	10,067,355.39	291,886.44	8,242,344.81	99,000.85
Trade receivables	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	—	—	1,733,776.91	22,204.84
Trade receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	27,425,196.89	2,511,505.33	75,792,846.92	2,276,225.56
Trade receivables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	678,609.31	53,772.44	102,815,713.46	6,848,336.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	9,843,203.77	408,961.16	11,127,614.84	309,101.38
Trade receivables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	14,494,780.06	276,091.20	6,917,304.11	83,043.78
Trade receivables	Shanxi Jiantou Cloud Data Smart Technology Co., Ltd.	A company under common control of the parent company	—	—	12,421.20	457.53
Trade receivables	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	1,511,552.49	53,064.96	4,409,182.61	75,693.88
Trade receivables	Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under common control of the parent company	2,549,789.38	33,919.56	332,000.00	12,229.16
Trade receivables	Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	1,398,902.81	18,944.17	1,182,738.21	15,579.08
Trade receivables	Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller	575,513.40	38,403.09	2,879,547.82	106,067.60
Trade receivables	Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller	1,343,430.96	158,241.79	1,625,828.64	133,564.63
Trade receivables	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	12,236,164.48	307,570.09	3,684,553.40	99,238.46
Trade receivables	Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller	859,143.20	859,143.20	859,143.20	859,143.20
Trade receivables	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	11,683,171.32	153,923.34	3,310,605.50	39,744.56
Trade receivables	Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd	A company under common control of the de facto controller	5,139,515.35	375,309.40	5,389,040.47	198,504.29
Trade receivables	Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	—	—	4,074,000.00	48,909.28
Trade receivables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	3,009,289.63	2,879,293.85	3,009,289.63	2,864,166.54
Trade receivables	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	1,050,572.51	15,012.49	3,945,549.94	47,367.21
Trade receivables	Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller	2,182,912.17	2,182,912.17	2,182,912.17	1,737,323.95
Trade receivables	Shanxi Mingyuan Chemical Co., Ltd.	A company under common control of the de facto controller	72,487.05	72,487.05	72,487.05	72,487.05
Trade receivables	Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	8,809,798.28	309,279.10	13,188,991.40	158,336.78
Trade receivables	Shanxi Rongguang Energy Co., Ltd.	A company under common control of the de facto controller	—	—	2,599,695.77	95,759.30
Trade receivables	Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company	1,585,214.46	168,355.68	3,777,417.78	259,771.50
Trade receivables	Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller	399,423.57	14,022.27	399,423.57	4,795.17
Trade receivables	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	1,035,240.78	140,051.17	1,035,240.78	79,253.17

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	87,003.13	4,713.07	252,417.65	9,297.76
Trade receivables	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	2,375,424.91	169,983.17	7,329,241.18	411,148.29
Trade receivables	Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	18,996,564.45	1,050,304.60	20,863,963.27	547,325.81
Trade receivables	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	2,432,053.82	2,016,773.19	2,432,053.82	780,466.66
Trade receivables	Shanxi Wanjiashai Water Control Equipment Manufacturing Co., Ltd.	A company under common control of the de facto controller	—	—	50,000.00	3,827.77
Trade receivables	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	2,699,633.35	86,860.13	783,200.05	31,668.21
Trade receivables	Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller	588,668.53	588,668.53	588,668.53	155,681.45
Trade receivables	Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller	5,170,038.79	1,148,107.53	5,170,038.79	493,296.18
Trade receivables	Shanxi Xiaohu International Conference Centre Co., Ltd.	A company under common control of the parent company	28,021.32	3,790.83	28,021.32	2,145.18
Trade receivables	Shanxi Xiaohu International Convention and Exhibition Centre Co., Ltd.	A company under common control of the parent company	57,159.62	7,732.76	57,159.62	4,375.87
Trade receivables	Shanxi Xiaohu Construction Industry Co., Ltd.	A company under common control of the parent company	2,089,653.08	27,530.74	364,545.49	4,376.45
Trade receivables	Shanxi Xiaohu New City Hotel Co., Ltd.	A company under common control of the parent company	2,427,194.81	87,449.51	2,623,888.91	32,943.58
Trade receivables	Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	222,511,559.22	2,931,543.33	188,243,882.67	2,259,909.76
Trade receivables	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	3,133,596.64	228,828.63	3,133,596.64	115,425.44
Trade receivables	Shanxi Xu'an Real Estate Development Co., Ltd.	A company under common control of the parent company	—	—	23,907,355.22	880,622.91
Trade receivables	Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller	151,571.10	5,321.10	166,126.31	1,994.38
Trade receivables	Shanxi Yangmei Group Niangou Coal Industry Co., Ltd.	A company under common control of the de facto controller	11,821,260.18	863,238.99	11,821,260.18	435,433.89
Trade receivables	Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	340,735.41	4,489.12	1,556,092.99	28,524.29
Trade receivables	Shanxi Yaoguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	647,000.00	22,713.75	647,000.00	7,767.38
Trade receivables	Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	9,346,719.23	394,779.20	5,343,229.06	225,794.99
Trade receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	10,157,866.09	510,071.33	10,252,268.44	283,821.75
Trade receivables	Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	65,536.28	863.43	106,420.00	1,277.60

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanxi Transformation and Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	An associate	41,401,208.35	2,327,497.19	55,935,271.35	1,604,741.82
Trade receivables	Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under common control of the parent company	—	—	9,537.74	351.32
Trade receivables	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company	13,257,907.62	341,407.77	7,602,663.48	91,271.67
Trade receivables	Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller	4,715,370.61	371,261.92	4,715,370.61	143,375.47
Trade receivables	Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller	161,072.63	11,762.21	161,072.63	5,933.08
Trade receivables	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	1,755,524.62	128,195.92	1,755,524.62	64,664.42
Trade receivables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	10,830,643.91	378,893.43	117,747,518.00	1,413,585.20
Trade receivables	Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller	102,000.00	3,580.84	250,000.00	3,001.31
Trade receivables	Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller	1,232,682.67	43,274.88	1,232,682.67	14,798.63
Trade receivables	Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	1,254,363.94	44,036.03	3,577,826.39	42,952.60
Trade receivables	Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller	3,383,209.57	3,383,209.57	3,383,209.57	3,383,209.57
Trade receivables	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company	12,408,311.00	204,672.55	474,900.00	29,119.30
Trade receivables	Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller	60,000.00	2,106.38	60,000.00	720.31
Trade receivables	Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller	—	—	9,707,749.67	128,360.01
Trade receivables	Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the parent company	1,926,000.00	1,926,000.00	—	—
Trade receivables	Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company	566,891.40	7,468.68	—	—
Trade receivables	Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	4,711,883.79	149,107.84	—	—
Trade receivables	Shanxi Huaxin Biomass Energy Development Co., Ltd.	A company under common control of the de facto controller	26,233.36	1,712.33	—	—
Trade receivables	Shanxi Jiantou City Operation Group Co., Ltd.	A company under common control of the parent company	80,807.44	1,064.62	—	—
Trade receivables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	2,157,214.14	28,420.85	—	—
Trade receivables	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	582,812.83	7,678.44	—	—
Trade receivables	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	1,826,344.62	24,061.71	—	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	313,079.78	4,124.76	—	—
Trade receivables	Shanxi Second Construction Group Co., Ltd. Comprehensive Reform Demonstration Zone Branch	A company under common control of the parent company	5,768,556.24	227,804.31	—	—
Trade receivables	Shanxi Construction Engineering Group Co., Ltd. Fourth Engineering Company	A company under common control of the parent company	431,995.60	31,546.17	—	—
Trade receivables	Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	259,554.39	3,419.57	—	—
Trade receivables	Shanxi Construction Decoration Engineering Co., Ltd. First Branch	A company under common control of the parent company	198,026.11	2,608.95	—	—
Trade receivables	Shanxi Water Control Equipment Manufacturing (Group) Co., Ltd.	A company under common control of the de facto controller	50,000.00	6,764.18	—	—
Trade receivables	Shanxi Fourth Construction Group Co., Ltd. Fire Fighting Installation Branch	A company under common control of the parent company	39,494.10	520.33	—	—
Trade receivables	Shanxi Fifth Construction Group Co., Ltd. Municipal Engineering Company	A company under common control of the parent company	102,951.05	1,356.36	—	—
Trade receivables	Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	777,969.63	10,249.59	—	—
Trade receivables	Shanxi Xinghuacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller	3,252,536.24	42,851.49	—	—
Trade receivables	Shanxi Aobo Construction Engineering Co., Ltd.	A company under common control of the parent company	542,615.60	19,049.21	—	—
Other receivables	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under control of the same parent company	—	—	16,970,990.00	244,507.43
Other receivables	Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under control of the same parent company	—	—	17,467,670.00	251,663.29
Other receivables	Jinkong Jinshi Chemical Group Co., Ltd.	A company under common control of the de facto controller	1,698,910.57	1,698,910.57	1,698,910.57	224,476.84
Other receivables	Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	—	—	7,795,973.66	42,319.52
Other receivables	Shanxi Huashan Property Management Co., Ltd.	A company under common control of the de facto controller	112,827.66	112,827.66	112,827.66	1,125.55
Other receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	517,341,569.40	14,363,056.02	112,025,076.52	1,613,987.40
Other receivables	Shanxi Jiantou City Operation Group Co., Ltd.	A company under control of the same parent company	—	—	5,771,800.00	183,156.49
Other receivables	Shanxi Jiantou International Construction Group Co., Ltd.	A company under control of the same parent company	—	—	400,000.00	5,762.95
Other receivables	Shanxi Jiantou International Investment Co., Ltd.	An associate	—	—	3,061,333.36	44,105.78
Other receivables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	—	—	13,871,376.23	199,850.13

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Other receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	—	—	202,362,665.97	2,915,515.01
Other receivables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	—	—	790,885.27	11,394.58
Other receivables	Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller	74,229.11	1,323.44	74,229.11	1,069.45
Other receivables	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	1,193,486.36	21,278.87	1,193,486.36	17,195.01
Other receivables	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	—	—	148,530.55	2,139.94
Other receivables	Shanxi Xu'an Real Estate Development Co., Ltd.	A company under control of the same parent company	—	—	125,108,522.94	1,795,339.09
Other receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	4,436,401.17	172,976.66	5,872,099.09	84,601.54
Other receivables	Yuncheng Central Heating Project Construction Command Unit	A company under control of the same parent company	—	—	29,687,335.11	508,216.60
Other receivables	Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller	3,000,000.00	104,261.63	—	—
Other receivables	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	50,500.00	432.59	—	—
Other receivables	Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller	100,000.00	856.61	—	—
Other receivables	Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller	10,000.00	10,000.00	—	—
Other receivables	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	80,000.00	80,000.00	—	—
Other receivables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	5,000.00	89.15	—	—
Other receivables	Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	5,000.00	42.83	—	—
Other receivables	Shanxi Jiasheng Tendering Agency Co., Ltd.	A company under common control of the de facto controller	50,000.00	428.31	—	—
Other receivables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	10,000.00	85.66	—	—
Other receivables	Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	250,000.00	2,141.53	—	—
Contract Assets	Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	9,317,505.49	122,756.19	4,528,333.23	54,363.65
Contract Assets	Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	17,913,494.08	236,006.54	13,211,303.73	158,604.65
Contract Assets	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	7,915,778.34	104,288.73	4,422,724.74	53,095.80
Contract Assets	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company	46,032,288.31	606,465.79	23,837,059.96	286,169.22
Contract Assets	Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	37,705,004.82	496,755.57	37,121,824.66	445,655.78

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract Assets	Jinkong Electric Power Zezhou New Energy Co., Ltd.	A company under common control of the de facto controller	361,789.49	4,766.50	361,789.49	4,343.36
Contract Assets	Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	2,623,640.20	34,565.91	29,972,734.50	359,829.36
Contract Assets	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	70,832,839.65	933,207.87	60,352,047.95	724,539.79
Contract Assets	Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	27,848,394.87	366,896.79	26,742,956.25	321,055.15
Contract Assets	Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company	2,843,536.02	37,462.99	2,903,311.02	34,854.90
Contract Assets	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	427,368.86	5,630.50	157,135.29	1,886.44
Contract Assets	Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	37,755.43	497.42	2,420,460.49	29,058.17
Contract Assets	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	—	—	6,677.42	80.16
Contract Assets	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	23,860.20	314.35	839,225.40	10,075.09
Contract Assets	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	3,446,831.71	45,411.29	12,262,130.89	147,209.61
Contract Assets	Shanxi Construction Investment Group Co., Ltd.	Parent company	175,472,135.80	2,311,808.75	151,050,178.42	1,813,391.06
Contract Assets	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	60,994,491.42	803,589.69	114,204,258.77	1,371,047.58
Contract Assets	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	282,201.48	3,717.95	282,201.48	3,387.89
Contract Assets	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	—	—	407,640.37	4,893.81
Contract Assets	Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company	7,658,928.27	100,904.78	6,778,870.91	81,381.86
Contract Assets	Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	617,967.29	8,141.59	617,967.29	7,418.84
Contract Assets	Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller	54,029.93	711.83	1,300,090.07	15,607.87
Contract Assets	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	3,254,106.15	42,872.17	36,334.01	436.20
Contract Assets	Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller	—	—	13,251.32	159.09
Contract Assets	Shanxi Jindong Xuneng Natural Gas Co., Ltd.	A company under common control of the de facto controller	729.61	9.61	729.61	8.76
Contract Assets	Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	123,016.34	1,620.71	1,366,035.87	16,399.57
Contract Assets	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	3,622,856.35	47,730.38	4,719,275.43	56,655.95
Contract Assets	Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	15,019,275.75	197,875.82	15,019,275.75	180,309.75

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract Assets	Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	—	—	795,256.97	9,547.24
Contract Assets	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	347,140.16	4,573.50	347,140.16	4,167.49
Contract Assets	Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller	937,546.90	12,351.98	937,546.90	11,255.46
Contract Assets	Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller	294,400.00	3,878.66	344,400.00	4,134.60
Contract Assets	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	9,747,655.18	128,423.32	41,947,515.75	503,589.28
Contract Assets	Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	2,903,026.12	38,246.76	1,775,471.36	21,314.93
Contract Assets	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	627,134.05	8,262.36	332,889.54	3,996.41
Contract Assets	Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	172,697.66	2,275.26	1,406,864.22	16,889.72
Contract Assets	Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	575,124.45	7,577.14	575,754.46	6,912.06
Contract Assets	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	4,079,877.78	53,751.54	5,008,009.65	60,122.27
Contract Assets	Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	279,055.14	3,676.49	279,055.14	3,350.12
Contract Assets	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	9,939,748.54	130,954.11	1,043,041.35	12,521.94
Contract Assets	Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	3,163,431.44	41,677.55	300,171.22	3,603.62
Contract Assets	Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller	1,461,119.42	19,249.94	1,461,119.42	17,541.06
Contract Assets	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the parent company	2,794,257.93	36,813.76	2,794,257.93	33,545.69
Contract Assets	Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company	395,051.53	5,204.72	292,779.94	3,514.89
Contract Assets	Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	169,367.92	2,231.39	534,010.34	6,410.91
Contract Assets	Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	—	—	4,863,482.09	58,387.19
Contract Assets	Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	—	—	167,380.00	2,009.43
Contract Assets	Shanxi Transformation and Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	19,482,483.53	256,677.65	5,110,670.55	61,354.74

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract Assets	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company	89,272,810.25	1,176,150.63	40,701,206.15	488,627.05
Contract Assets	Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller	78,954.07	1,040.20	78,954.07	947.86
Contract Assets	Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller	—	—	138,336.73	1,660.76
Contract Assets	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	516,544.35	6,805.36	1,185,430.82	14,231.36
Contract Assets	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	1,428,216.35	18,816.45	—	—
Contract Assets	Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller	84,905.66	1,118.61	—	—
Contract Assets	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	1,130,935.37	14,899.84	—	—
Contract Assets	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	95,688.35	1,260.67	—	—
Contract Assets	Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	19,752,198.08	260,231.09	—	—
Contract Assets	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	1,110,000.00	14,624.02	—	—
Contract Assets	Shanxi Wanjiazhai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	144,023.67	1,897.48	—	—
Contract Assets	Shanxi Xiaohu Construction Industry Co., Ltd.	A company under common control of the parent company	22,169.82	292.08	—	—
Contract Assets	Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller	330,188.68	4,350.17	—	—
Contract Assets	Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	14,126.97	186.12	—	—
Contract Assets	Jinneng Holding Power Group Clean Energy Co., Ltd.	A company under common control of the de facto controller	38,347,281.36	505,217.42	—	—
Contract Assets	Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	2,977,902.48	39,233.24	—	—
Contract Assets	Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under common control of the parent company	770,765.41	10,154.67	—	—
Contract Assets	Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company	15,489.06	204.07	—	—
Contract Assets	Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	1,611,216.51	21,227.44	—	—
Contract Assets	Shanxi Coke Group Yilong Coking Co., Ltd.	A company under common control of the de facto controller	1,926,895.01	25,386.44	—	—
Contract Assets	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	348,925.43	4,597.02	—	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	Closing balance		Balance at the end of last year	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract Assets	Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under common control of the parent company	47,169.81	621.45	—	—
Contract Assets	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	16,422.06	216.36	—	—
Prepayments	Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company	—	—	18,302.00	—
Prepayments	Shanxi Construction Investment Group Co., Ltd.	Parent company	530,757.93	—	229,104.10	—
Prepayments	Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	187,210.78	—	187,210.78	—
Prepayments	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	1,305,997.58	—	1,305,997.58	—
Prepayments	Shanxi Transportation Holdings Group Co., Ltd.	A company under common control of the de facto controller	—	—	1,900.00	—
Prepayments	Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under common control of the parent company	—	—	0.01	—
Prepayments	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company	—	—	448,931.50	—
Prepayments	Shanxi Expressway Group Co., Ltd.	A company under common control of the de facto controller	1,953.40	—	1,899.12	—
Prepayments	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	49,305,791.82	—	4,201,768.75	—
Prepayments	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	—	—	107,999.95	—
Prepayments	Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	226,200.00	—	—	—
Prepayments	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	80.60	—	—	—
Prepayments	Jinneng Holding Group Shanxi Engineering Consultation Co., Ltd.	A company under common control of the de facto controller	63,255.00	—	—	—
Prepayments	Taiyuan International Airport Co., Ltd.	A company under common control of the de facto controller	10,000.00	—	—	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd	A company under control of the same parent company	5,941,033.19	10,391,353.56
Trade payables	Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	854,645.98	1,244,943.99
Trade payables	Shanxi Eighth Construction Group Co., Ltd.	A company under control of the same parent company	0.01	0.01
Trade payables	Shanxi Hongsheng Kejian Technology Co., Ltd.	A company under common control of the de facto controller	1,990,930.45	1,990,930.45
Trade payables	Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under control of the same parent company	—	24,000.00
Trade payables	Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under control of the same parent company	174,794.70	174,794.70
Trade payables	Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under control of the same parent company	36,000.52	36,000.52
Trade payables	Shanxi Construction Materials Trading Co., Ltd.	A company under control of the same parent company	9,992,380.72	9,992,380.72
Trade payables	Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under control of the same parent company	1,502,243.15	1,602,243.15
Trade payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	19,321,134.60	16,976,873.60
Trade payables	Shanxi Jiantou Group Decoration Co., Ltd.	A company under control of the same parent company	—	6,784,115.22
Trade payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	40,039,437.72	43,427,537.52
Trade payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	77,077,468.59	104,266,768.35
Trade payables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	397,483,237.50	666,176,025.30
Trade payables	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	300,000.00	300,000.00
Trade payables	Shanxi Jiantou Decoration Industry Co., Ltd.	A company under control of the same parent company	4,997,617.63	3,304,302.90
Trade payables	Shanxi Construction Materials Trading Co., Ltd.	A company under control of the same parent company	172,567.87	202,541.17
Trade payables	Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	448,833.11	595,528.41
Trade payables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	—	484,339.20

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller	506,360.73	1,086,000.00
Trade payables	Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under control of the same parent company	2,460,396.07	2,525,066.62
Trade payables	Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under control of the same parent company	31,559.98	5,000.91
Trade payables	Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller	24,017,731.70	30,611,176.76
Trade payables	Shanxi Longteng Zhongtian Technology Co., Ltd.	A company under common control of the de facto controller	—	240,000.00
Trade payables	Shanxi Lvjian Housing Technology Co., Ltd.	A company under control of the same parent company	84,350.00	84,350.00
Trade payables	Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller	33,363.70	33,363.70
Trade payables	Shanxi Third Construction Group Co., Ltd.	A company under control of the same parent company	2,521,509.91	1,972,728.69
Trade payables	Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	716,698.12	716,698.12
Trade payables	Shanxi Engineering Machinery Co., Ltd.	A company under control of the same parent company	763,890.20	763,890.20
Trade payables	Shanxi Architectural Design and Research Institute Co., Ltd.	A company under control of the same parent company	—	249,451.89
Trade payables	Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under control of the same parent company	2,216,264.18	2,792,362.97
Trade payables	Shanxi Survey Design Research Institute Co., Ltd.	A company under control of the same parent company	2,108,044.56	2,544,130.83
Trade payables	Shanxi Gas Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	26,284.00	26,284.00
Trade payables	Shanxi Water Conservancy and Hydropower Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller	156,883.32	156,883.32

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Shanxi Water Conservancy and Hydropower Survey and Design Institute Co., Ltd.	A company under common control of the de facto controller	358,929.60	358,929.60
Trade payables	Shanxi Water Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller	—	64,000.00
Trade payables	Shanxi Water Affairs Materials Trading Co., Ltd.	A company under common control of the de facto controller	—	236,550.00
Trade payables	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	1,315,484.86	1,365,485.86
Trade payables	Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under control of the same parent company	331,901.87	331,901.87
Trade payables	Shanxi General Aviation UAV Co., Ltd.	A company under common control of the de facto controller	—	194,617.00
Trade payables	Shanxi Wanjiazhai Water Control Engineering Investment Co., Ltd.	A company under common control of the de facto controller	163,490.00	163,490.00
Trade payables	Shanxi Fifth Construction Group Co., Ltd.	A company under control of the same parent company	19,621,424.31	30,714,086.02
Trade payables	Shanxi Xiaohu Construction Industry Co., Ltd.	A company under control of the same parent company	0.51	9,146.70
Trade payables	Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller	51,500.00	51,500.00
Trade payables	Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	52,800.00	452,800.00
Trade payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	287,164,682.89	218,794,326.13
Trade payables	Shanxi Park Construction and Development Group Co., Ltd.	A company under control of the same parent company	1,640,466.54	4,431,214.99
Trade payables	Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under control of the same parent company	69,436.73	173,152.79
Trade payables	Shanxi Zhongyuanda Machinery Construction Co., Ltd.	A company under control of the same parent company	—	104,465.00
Trade payables	Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller	285,161.30	2,874,672.66

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under control of the same parent company	974,146.73	23,985,714.30
Trade payables	Taiyuan Engineering Tiancheng Electronic Information Technology Co., Ltd.	A company under common control of the de facto controller	777,670.00	777,670.00
Trade payables	Taiyuan Gas Installation Engineering Co., Ltd.	A company under common control of the de facto controller	1,601,681.70	1,601,681.70
Trade payables	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	234,607.79	234,607.79
Trade payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	1,532,901.43	2,132,474.43
Trade payables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	272,000.05	157,977,518.00
Trade payables	Tengye Steel Structure Co., Ltd.	A company under control of the same parent company	213,030.10	416,402.41
Trade payables	New Vision Changzhi Lighting Electrical Co., Ltd.	A company under common control of the de facto controller	80.00	80.00
Trade payables	Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under control of the same parent company	129,657.86	—
Trade payables	Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under control of the same parent company	30,000.00	—
Trade payables	Shanxi Transformation and Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	71,296.46	—
Trade payables	Shanxi Lvjian Zhizao Decorative Aluminium Board Technology Co., Ltd.	A company under control of the same parent company	435,000.17	—
Trade payables	Shanxi Urban Renewal Construction Operation Management Co., Ltd.	A company under control of the same parent company	223,833.82	223,833.82
Trade payables	Shanxi Engineering Machinery Co., Ltd. Xi'an Branch	A company under control of the same parent company	492,418.77	—
Trade payables	Shanxi Construction Decoration Engineering Co., Ltd.	A company under control of the same parent company	6,784,115.22	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Trade payables	Shanxi Fourth Construction Group Co., Ltd. Material Supply Station	A company under control of the same parent company	14,736.97	—
Trade payables	Shanxi Jiantou Linfen Construction Industry Co., Ltd.	An associate	4,242,278.99	—
Trade payables	Huayang Group (Yangquan) New Energy Sales Co., Ltd.	A company under control of the same parent company	656,467.20	—
Trade payables	Shanxi Beifang Copper Co., Ltd.	A company under control of the same parent company	44,000.00	—
Trade payables	Shanxi Hangchan Technology Co., Ltd.	A company under control of the same parent company	240,000.00	—
Trade payables	Shanxi Yellow River Water Treatment Ecological and Environmental Protection Holdings Co., Ltd.	A company under control of the same parent company	2,597,777.52	—
Trade payables	Shanxi Jintou Basalt Development Co., Ltd.	A company under control of the same parent company	12,385.84	—
Trade payables	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under control of the same parent company	17,260.00	—
Trade payables	Shanxi Wanjiashai Water Control Network Development Co., Ltd.	A company under control of the same parent company	65,352.48	—
Other payables	Huguan Coal Sales and Heat Co., Ltd.	A company under common control of the de facto controller	12,681.00	12,681.00
Other payables	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under control of the same parent company	—	9,000,000.00
Other payables	Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	—	2,615,360.00
Other payables	Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	14,662.77	14,662.77
Other payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	150,195,157.10	358,033,925.09
Other payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	2,500,075.24	3,693,854.05
Other payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	158,880.88	158,880.88
Other payables	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	—	80,000.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Other payables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	—	330.47
Other payables	Shanxi Jindafeng Natural Gas Development Co., Ltd.	A company under common control of the de facto controller	3,700.00	3,700.00
Other payables	Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	An associate	—	120,000,000.00
Other payables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	363,292.19	1,169,552.86
Other payables	Shanxi Yangmei Fengxi Quanjia Energy Co., Ltd.	A company under common control of the de facto controller	9,258.40	9,258.40
Other payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	2,953,232.04	7,181,580.16
Other payables	SPF (Suzhou) Biotechnology Co., Ltd.	A company under control of the same parent company	—	16,500.00
Other payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	10,851,265.26	11,776,032.04
Other payables	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	83,397.00	—
Other payables	Shanxi Jiantou International Investment Co., Ltd.	An associate	2,200,000.00	—
Contract liabilities	Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	332,480.00	375,216.09
Contract liabilities	Jinneng Holding Group Xuangang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	267,458.12	2,049,523.09
Contract liabilities	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under control of the same parent company	10,000.00	9,433.96
Contract liabilities	Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	—	473,462.45
Contract liabilities	Shanxi Eighth Construction Group Co., Ltd.	A company under control of the same parent company	402,334.00	402,334.00
Contract liabilities	Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller	—	80,000.00

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Contract liabilities	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	—	1,116,799.38
Contract liabilities	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	67,450.00	1,033,146.56
Contract liabilities	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	449,721.83	6,582,809.98
Contract liabilities	Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	2,512,889.70	950,813.85
Contract liabilities	Shanxi Huaxinjin Medicine Group Co., Ltd.	A company under common control of the de facto controller	60,000.00	60,000.00
Contract liabilities	Shanxi Mechanization Construction Group Co., Ltd.	A company under control of the same parent company	—	2,000.00
Contract liabilities	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	462,997.53	206,116.81
Contract liabilities	Shanxi Construction Investment Group Co., Ltd.	Parent Company	139,100,345.27	227,171,182.62
Contract liabilities	Shanxi Construction Investment City Operation Group Co., Ltd.	A company under control of the same parent company	—	746,411.00
Contract liabilities	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	642,500.00	606,132.08
Contract liabilities	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	—	2,110,007.02
Contract liabilities	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	—	1,660,497.09
Contract liabilities	Shanxi Sixth Construction Group Co., Ltd.	A company under control of the same parent company	—	147,960.00
Contract liabilities	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	—	3,009,681.81
Contract liabilities	Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	34,267.48	2,430,759.45

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Contract liabilities	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	1,500,000.00	1,000,000.00
Contract liabilities	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	—	45,000.00
Contract liabilities	Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under control of the same parent company	—	513,632.82
Contract liabilities	Shanxi Xinshenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller	—	11,693.17
Contract liabilities	Shanxi Compressed Natural Gas Group Jinzhong Co., Ltd.	A company under common control of the de facto controller	433,433.04	433,433.04
Contract liabilities	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under control of the same parent company	230,000.00	180,000.00
Contract liabilities	Taiyuan Coal Gasification Longquan Energy Development Co., Ltd.	A company under common control of the de facto controller	—	1,165,557.14
Contract liabilities	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under control of the same parent company	—	49,910.36
Contract liabilities	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	4,761,793.86	—
Contract liabilities	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under control of the same parent company	2,996,424.24	—
Contract liabilities	Shenzhen Warranty Asset Management Co., Ltd.	A company under control of the same parent company	190,040.42	—
Contract liabilities	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	101,401.50	—
Contract liabilities	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	293,889.35	—
Contract liabilities	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	3,584,254.05	—
Contract liabilities	Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller	28,301.89	—
Contract liabilities	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	2,523,122.88	—

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related Party	Closing Balance	Balance at the end of last year
Contract liabilities	Shanxi Tianshi Electric Power Co., Ltd.	A company under common control of the de facto controller	83,103.61	—
Contract liabilities	Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	338,088.08	—
Contract liabilities	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	3,252,536.24	—
Contract liabilities	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	206,661.26	—
Short-term borrowings	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under control of the same parent company	310,285,351.74	368,573,409.85
Short-term borrowings	Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller	—	32,942,833.33
Long-term borrowings	Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller	58,983,972.47	83,272,034.57
Long-term borrowings	Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under control of the same parent company	21,727,853.88	85,162,096.88
Long-term borrowings	Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller	61,390,360.08	90,000,000.00
Non-current liabilities due within one year	Shanxi Xiaohu Construction Industry Co., Ltd.	A company under control of the same parent company	—	300,000,000.00

As of December 31, 2024, other receivables of Shanxi Installation — balance of SCIG Group (including subsidiaries of Shanxi CIG) was RMB517,341,569.40, while other payables — balance of SCIG Group (including subsidiaries of Shanxi CIG) was RMB165,905,378.48.

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

7. Commitments of Related Parties

Commitments of Shanxi CIG

For the year ended December 31, 2024, certain employees were unwilling to contribute to the housing provident fund, and the Company did not pay social insurance and housing provident fund for those employees. Shanxi CIG promised to pay any unpaid amounts and any resulting fines or penalties according to the amount approved by the competent authorities, and to fully compensate the Company for any economic losses caused by such matters.

The directors believe that, since (1) the Company had paid the due social insurance amounts for those employees; (2) the Company had obtained compliance certificates from local social insurance agencies, confirming that it had not been subjected to any administrative penalties for non-compliance with social insurance regulations; and (3) the Company had received advice from legal counsel, the likelihood of receiving any penalty notices or repayment demands from the competent authorities to be remote.

The directors believe that, given the relatively high turnover rate of the aforementioned employees and the lack of fixed contract hours, the disclosure of its potential impact is not practically feasible.

XI. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Capital commitments

Capital commitments contracted for but not yet recognised in the financial statements	Closing balance	Balance at the end of last year
Commitments in relation to acquisition and construction of long-term assets	6,612,670.79	173,240,000.00
Commitments in relation to external investment	1,255,188,150.00	123,835,000.00

As at December 31, 2024, the Company has no other commitments that should be disclosed.

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XI. COMMITMENTS AND CONTINGENCIES (continued)

2. Contingencies

As at December 31, 2024, the Company provided guarantee for the following corporate loans:

Guarantee	Guarantee amount	Guarantee commencement date	Guarantee due date	Whether the guarantee has been fulfilled
I. Subsidiaries:				
Xinjiang Shan'an Waterwork Management Co., Ltd.	362,410,000.00	June 27, 2019	June 23, 2037	No
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	339,928,100.00	June 20, 2019	June 17, 2039	No
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	259,875,000.00	May 31, 2019	February 15, 2039	No
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	238,500,000.00	October 18, 2019	January 20, 2039	No
Liulin Shan'an Bluesky Heating Co., Ltd.	235,000,000.00	September 24, 2019	September 23, 2047	No
Qinshui Shan'an Construction Development Co., Ltd.	210,674,480.84	January 19, 2023	January 19, 2040	No
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	135,200,000.00	October 29, 2018	October 29, 2035	No
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	129,131,990.12	November 8, 2023	November 8, 2029	No
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	103,000,000.00	May 31, 2021	May 30, 2032	No
Lingchuan Shan'an Construction Development Co., Ltd.	89,900,000.00	October 23, 2018	October 30, 2033	No
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	86,200,000.00	August 15, 2019	July 8, 2033	No
Linfen Shan'an Waterwork Development Co., Ltd.	56,712,000.00	October 28, 2021	October 27, 2036	No
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	16,716,197.25	August 24, 2024	June 24, 2034	No
Shanxi Ningyang Energy Co., Ltd.	3,500,000.00	March 30, 2020	March 19, 2025	No
II. Other companies				
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	5,844,880.00	May 11, 2023	May 9, 2033	No
Shanxi Shuitou Biyu Water Treatment Co., Ltd.	1,705,959.00	February 1, 2019	January 31, 2035	No
Total	2,274,298,607.21			

As at December 31, 2024, the Company has no other contingencies that should be disclosed.

Notes to the Consolidated Financial Statements

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XII. EVENTS AFTER THE BALANCE SHEET DATE

Profit allocation subsequent to the balance sheet date

Profit or dividend intended to be distributed	6,232,633.78
Profit or dividend considered, approved and announced to be distributed	

As at March 27, 2025 (the date of approval of the report by the Board), there were no other post-balance sheet events that should be disclosed.

XIII. OTHER SIGNIFICANT MATTERS

1. Segment Reporting

According to the internal organizational structure, management requirements, and internal reporting system of the Company, the operations of the Company are divided into two reporting segments: the construction contracting segment and the non-construction segment. These reporting segments are determined based on the financial information required for the daily internal management of the Company. The management of the Group regularly evaluates the operating results of these reporting segments to determine resources allocated to them and to assess their performance.

Reporting information of segments is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management, these accounting policies and measurement bases are consistent with those used in the preparation of financial statements.

Segment profits or losses, assets and liabilities

Current period or at the end of current period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	11,458,172,276.88	1,262,476,951.00	477,759,779.52	12,242,889,448.36
Including: Revenue from external transactions	11,353,275,471.46	889,613,976.90	—	12,242,889,448.36
Revenue from inter-segment transactions	104,896,805.42	372,862,974.10	477,759,779.52	—
Including: Revenue from principal businesses	11,426,735,828.07	1,249,729,764.92	453,893,809.03	12,222,571,783.96
Operating costs	10,180,556,865.02	990,069,185.66	448,136,199.14	10,722,489,851.54
Selling expenses	—	1,317,784.95	8,792.88	1,308,992.07
Management expenses	432,333,389.59	64,251,094.22	26,119,248.76	470,465,235.05
Finance expenses	173,410,742.34	-71,061,799.91	-88.89	102,349,031.32
Operating profits/(losses)	12,745,952.02	237,747,688.81	24,565,117.47	225,928,523.36
Total assets	19,672,939,057.59	8,095,067,235.46	3,643,845,712.35	24,124,160,580.70
Total liabilities	17,490,998,297.26	5,571,056,381.89	2,281,249,939.89	20,780,804,739.26
Supplementary information:				
Capital expenditures	10,160,043.96	99,109,136.32	8,435,672.16	100,833,508.12
Depreciation and amortization expenses	35,021,316.35	74,774,497.27	—	109,795,813.62
Asset impairment losses (losses are expressed in “—”)	-23,266,277.61	-3,399,794.95	1,069,489.84	-27,735,562.40
Credit impairment losses (losses are expressed in “—”)	-72,206,957.49	-4,987,762.86	—	-77,194,720.35

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Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

XIII. OTHER SIGNIFICANT MATTERS (continued)

1. Segment Reporting (continued)

Segment profits or losses, assets and liabilities (continued)

Continued:

Previous period or at the end of previous period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	10,334,201,136.43	1,539,140,713.35	902,233,320.95	10,971,108,528.83
Including: Revenue from external transactions	10,003,622,779.85	967,485,748.98	—	10,971,108,528.83
Revenue from inter-segment transactions	330,578,356.58	571,654,964.37	902,233,320.95	—
Including: Revenue from principal businesses	10,317,853,988.82	1,527,270,271.07	884,272,450.01	10,960,851,809.88
Operating costs	9,144,790,960.07	1,302,704,956.79	875,611,917.27	9,571,883,999.59
Selling expenses	—	1,461,975.69	8,792.88	1,453,182.81
Management expenses	481,742,914.55	54,210,310.13	19,313,197.79	516,640,026.89
Finance expenses	179,393,999.82	-83,157,348.07	-189,509.44	96,426,161.19
Operating profits/(losses)	31,060,544.58	213,615,710.40	6,419,432.61	238,256,822.37
Total assets	18,845,157,649.72	8,695,415,605.87	4,018,141,922.87	23,522,431,332.72
Total liabilities	16,730,692,018.49	6,380,643,566.81	2,714,708,653.89	20,396,626,931.41
Supplementary information:				
Capital expenditures	76,805,762.88	229,117,687.52	8,305,561.10	297,617,889.30
Depreciation and amortization expenses	41,563,498.34	66,650,970.41	—	108,214,468.75
Asset impairment losses				
(losses are expressed in “-”)	-4,890,109.84	-6,172,042.15	-1,069,489.84	-9,992,662.15
Credit impairment losses				
(losses are expressed in “-”)	-76,856,530.05	-798,070.91	—	-77,654,600.96

2. Reliance on major customers

The Company has a large number of customers and no single customer accounted for more than 10% of the Company's total revenue as at December 31, 2024.

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XIII. OTHER SIGNIFICANT MATTERS (continued)

3. Remuneration of directors, supervisors and employees

The remuneration of the directors and members of the supervisory committee as disclosed pursuant to the Listing Rules, Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows.

① Remuneration of directors and supervisors

Directors and supervisors	Amount for the current period	Amount for the previous period
Fees	—	—
Salary, allowances and other benefits	1,979,028.40	1,436,759.04
Pension scheme contributions	530,548.52	433,645.65
Performance related bonus	1,218,081.89	1,163,300.00
Total	3,727,658.81	3,033,704.69

Year ended December 31, 2024

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin	—	293,100.00	95,858.48	351,400.00	740,358.48
REN Rui	—	329,100.00	95,858.48	360,520.00	785,478.48
ZHANG Yan	—	305,500.00	95,858.48	189,020.00	590,378.48
XU Guanshi	—	—	—	—	—
ZHANG Hongjie	—	—	—	—	—
MU Jianwei	—	—	—	—	—
FENG Cheng	—	—	—	—	—
WANG Jingming	—	120,000.00	—	—	120,000.00
WU Qiusheng	—	120,000.00	—	—	120,000.00
SHIN Chuck Yin	—	120,000.00	—	—	120,000.00
GUO He	—	120,000.00	—	—	120,000.00
Sub-total of directors	—	1,407,700.00	287,575.44	900,940.00	2,596,215.44
SHI Meng	—	217,206.00	95,858.47	132,240.60	445,305.07
ZHANG Caixia	—	209,271.00	95,858.48	104,937.40	410,066.88
CAO Haiyang	—	—	—	—	—
YAN Lei	—	144,851.40	51,256.13	79,963.89	276,071.42
Sub-total of supervisors	—	571,328.40	242,973.08	317,141.89	1,131,443.37
Total	—	1,979,028.40	530,548.52	1,218,081.89	3,727,658.81

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XIII. OTHER SIGNIFICANT MATTERS (continued)

3. Remuneration of directors, supervisors and employees (continued)

① Remuneration of directors and supervisors (continued)

Year ended December 31, 2024 (continued)

Explanations:

- A. The Company does not have a director fee system.
- B. As resolved at the 2023 annual general meeting held on May 22, 2024, YAN Lei was appointed as a supervisor for a term from May 22, 2024 to May 21, 2027.
- C. CAO Haiyang ceased to be a supervisor as resolved at the 2023 annual general meeting held on May 22, 2024.
- D. During the years ended December 31, 2024 and December 31, 2023, none of the directors of the Company has waived or agreed to waive any emoluments.
- E. During the years ended December 31, 2024 and December 31, 2023, no emolument was paid by the Group to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office.
- F. During the years ended December 31, 2024 and December 31, 2023, Mr. ZHANG Hongjie, Mr. XU Guanshi, Mr. FENG Cheng and Mr. MU Jianwei were appointed by Shanxi CIG, where they shall perform their duties. The remuneration of such directors was paid by Shanxi CIG. In March 2022, Mr. CAO Haiyang was also appointed by Shanxi CIG, where he shall perform his duties. His remuneration was paid by Shanxi CIG since March 2022.

Year ended December 31, 2023

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin	—	329,500.00	88,646.25	327,600.00	745,746.25
REN Rui	—	337,500.00	88,646.25	349,700.00	775,846.25
ZHANG Yan	—	303,100.00	88,646.25	207,400.00	599,146.25
XU Guanshi	—	—	—	—	—
ZHANG Hongjie	—	—	—	—	—
MU Jianwei	—	—	—	—	—
FENG Cheng	—	—	—	—	—
WANG Jingming	—	20,000.00	—	—	20,000.00
WU Qiusheng	—	20,000.00	—	—	20,000.00
SHIN Chuck Yin	—	20,000.00	—	—	20,000.00
GUO He	—	20,000.00	—	—	20,000.00
Sub-total of directors	—	1,050,100.00	265,938.75	884,700.00	2,200,738.75
SHI Meng	—	207,065.20	88,646.25	130,300.00	426,011.45
ZHANG Caixia	—	179,593.84	79,060.65	148,300.00	406,954.49
CAO Haiyang	—	—	—	—	—
Sub-total of supervisors	—	386,659.04	167,706.90	278,600.00	832,965.94
Total	—	1,436,759.04	433,645.65	1,163,300.00	3,033,704.69

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XIII. OTHER SIGNIFICANT MATTERS (continued)

3. Remuneration of directors, supervisors and employees (continued)

② Five highest paid employees

The five highest paid individuals of the Company during the year ended December 31, 2024 included 2 directors, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 3 individuals for 2024 are as follows:

Item	2024
Salary, allowances and other benefits	889,300.00
Performance related bonuses	883,865.92
Pension scheme contributions	287,575.44
Total	2,060,741.36

The five highest paid individuals of the Company during the year ended December 31, 2023 included 2 directors, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 3 individuals for 2023 are as follows:

Item	2023
Salary, allowances and other benefits	939,400.00
Performance related bonuses	900,320.00
Pension scheme contributions	265,938.75
Total	2,105,658.75

The number of highest paid employees who are not members of the Board and members of the supervisory committee whose remuneration is within the following range:

Item	2024	2023
0—RMB1,000,000	3	3
RMB1,000,001—RMB1,500,000	—	—
RMB1,500,001—RMB2,000,000	—	—

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Trade Receivables

Trade receivables are mainly recorded based on the dates of transaction. The age of trade receivables presented based on the recording date is basically the same as the age presented based on the invoice date.

(1) Disclosure by age

Age	Closing balance	Balance at the end of last year
Within 1 year	2,667,011,558.69	3,669,746,198.57
1-2 years	1,732,141,847.57	1,516,067,186.33
2-3 years	798,861,802.32	480,203,330.76
3-4 years	231,842,258.65	190,496,399.14
4-5 years	166,116,324.78	148,107,682.49
Over 5 years	196,398,352.16	160,889,194.47
Sub-total	5,792,372,144.17	6,165,509,991.76
Less: Bad debt provision	425,344,647.61	368,290,097.58
Total	5,367,027,496.56	5,797,219,894.18

(2) Disclosure by bad debt provision method

Type	Balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	123,217,591.26	2.13	123,217,591.26	100	—
Bad debt provision on a group basis	5,669,154,552.91	97.87	302,127,056.35	5.33	5,367,027,496.56
Including: Age group	5,494,221,022.01	94.85	302,127,056.35	5.50	5,192,093,965.66
Group of receivables from subsidiaries	174,933,530.90	3.02	—	—	174,933,530.90
Total	5,792,372,144.17	100.00	425,344,647.61	7.34	5,367,027,496.56

Type	Balance		Balance at the end of last year		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	106,078,264.08	1.72	106,078,264.08	100.00	—
Bad debt provision on a group basis	6,059,431,727.68	98.28	262,211,833.50	4.33	5,797,219,894.18
Including: Age group	5,868,953,335.53	95.19	262,211,833.50	4.47	5,606,741,502.03
Group of receivables from subsidiaries	190,478,392.15	3.09	—	—	190,478,392.15
Total	6,165,509,991.76	100.00	368,290,097.58	5.97	5,797,219,894.18

Notes to the Consolidated Financial Statements

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Trade Receivables (continued)

(2) Disclosure by bad debt provision method (continued)

Bad debt provision on an individual basis:

Name	Balance	Bad debt provision	Closing balance	
			Expected credit loss rate (%)	Reason for provision
Customer 1	40,901,742.69	40,901,742.69	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 2	20,748,213.95	20,748,213.95	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 3	15,489,429.28	15,489,429.28	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 4	13,080,818.00	13,080,818.00	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 5	12,471,658.08	12,471,658.08	100.00	The company made credit loss provisions based on the recoverability of the amount
Others	20,525,729.26	20,525,729.26	100.00	The company made credit loss provisions based on the recoverability of the amount
Total	123,217,591.26	123,217,591.26		

Name	Balance	Bad debt provision	Balance at the end of the period	
			Expected credit loss rate (%)	Reason for provision
Customer 1	40,901,742.69	40,901,742.69	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 2	20,748,213.95	20,748,213.95	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 4	13,080,818.00	13,080,818.00	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 5	12,471,658.08	12,471,658.08	100.00	The company made credit loss provisions based on the recoverability of the amount
Customer 6	11,411,684.85	11,411,684.85	100.00	The company made credit loss provisions based on the recoverability of the amount
Others	7,464,146.51	7,464,146.51	100.00	The company made credit loss provisions based on the recoverability of the amount
Total	106,078,264.08	106,078,264.08		

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Trade Receivables (continued)

(2) Disclosure by bad debt provision method (continued)

Bad debt provision on a group basis:

Provision on a group basis: age group

	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	2,651,488,826.46	34,274,131.82	1.29	3,479,267,806.42	41,754,241.72	1.20
1-2 years	1,732,141,847.57	58,999,167.50	3.41	1,514,742,756.33	55,795,263.36	3.68
2-3 years	797,537,372.32	55,668,961.91	6.98	480,078,763.99	36,752,576.71	7.66
3-4 years	231,667,691.88	26,292,489.04	11.35	190,494,871.14	25,048,749.81	13.15
4-5 years	166,116,324.78	36,689,816.18	22.09	138,005,606.49	36,497,470.74	26.45
Over 5 years	90,202,489.90	90,202,489.90	100.00	66,363,531.16	66,363,531.16	100.00
Total	5,669,154,552.91	302,127,056.35	5.33	5,868,953,335.53	262,211,833.50	4.47

Bad debt provisions accrued, recovered or reversed in the current period

Item	Bad debt provision amount
Opening balance	368,290,097.58
Accrual during the period	57,054,550.03
Recovery or reversal during the period	—
Write-off during the period	—
Carry-forward during the period	—
Others	—
Closing balance	425,344,647.61

(3) Trade receivables actually written off during the period

Nil.

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Trade Receivables (continued)

(4) Top five debtors of trade receivables in terms of closing balance

Name of entity	Balance of trade receivables at the end of the period	As a percentage of the total balance of trade receivables at the end of the period %	Balance of bad debt provision at the end of the period
Customer 7	306,494,070.31	5.29	10,406,018.47
Customer 8	237,217,918.52	4.10	8,327,834.88
Customer 9	218,989,183.05	3.78	4,073,234.46
Customer 10	168,042,660.18	2.90	2,213,926.96
Customer 11	133,691,880.71	2.31	8,285,430.33
Total	1,064,435,712.77	18.38	33,306,445.10

2. Other Receivables

Item	Closing balance	Balance at the end of last year
Interest receivables	—	—
Dividend receivables	21,522,570.83	1,011,775.60
Other receivables	1,764,310,224.34	1,801,953,789.31
Total	1,785,832,795.17	1,802,965,564.91

(1) Dividend receivables

Item	Closing balance	Balance at the end of last year
Shanxi Jiantou Cloud Data Technology Co., Ltd.	1,348,183.67	909,626.46
Shanxi Jiantou Decoration Industry Co., Ltd.	102,149.14	102,149.14
Taiyuan Xie'an Property Service Co., Ltd.	72,238.02	—
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	20,000,000.00	—
Sub-total	21,522,570.83	1,011,775.60
Less: Bad debt provision	—	—
Total	21,522,570.83	1,011,775.60

The Company does not have any material dividend receivables with an aging of more than 1 year in the current period.

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables

① Disclosure by age

Age	Closing balance	Balance at the end of last year
Within 1 year	1,202,040,987.01	1,375,568,975.94
1-2 years	198,933,532.34	367,910,719.36
2-3 years	361,089,268.08	20,514,465.85
3-4 years	11,860,225.45	9,627,603.55
4-5 years	9,200,432.15	9,368,844.76
Over 5 years	17,188,764.58	38,972,286.85
Sub-total	1,800,313,209.61	1,821,962,896.31
Less: Bad debt provision	36,002,985.27	20,009,107.00
Total	1,764,310,224.34	1,801,953,789.31

② Disclosure by nature of payment

Item	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Reserve funds, deposits and security deposits	88,091,901.43	1,355,059.07	86,736,842.36	103,482,385.54	—	103,482,385.54
Amount due from related parties within scope of consolidation	1,044,525,494.55	—	1,044,525,494.55	1,050,473,465.59	—	1,050,473,465.59
Amount due from associates	7,983,949.64	696,074.67	7,287,874.97	8,931,432.45	258,752.61	8,672,679.84
Amount due from related parties	520,371,974.63	15,873,716.80	504,498,257.83	533,421,679.21	7,887,673.99	525,534,005.22
Payment and collection clearance accounts	16,037,841.08	271,183.36	15,766,657.72	11,055,663.30	645,416.85	10,410,246.45
Other debts	123,302,048.28	17,806,951.37	105,495,096.91	114,598,270.22	11,217,263.55	103,381,006.67
Total	1,800,313,209.61	36,002,985.27	1,764,310,224.34	1,821,962,896.31	20,009,107.00	1,801,953,789.31

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision

Bad debt provisions in stage I at the end of the period:

Type	Balance	12-month expected		Carrying amount	Reason
		credit loss rate (%)	Bad debt provision		
Bad debt provision on an individual basis	—	—	—	—	
Bad debt provision on a group basis	1,202,040,987.01	0.09	1,102,344.87	1,200,938,642.14	
— Group of reserve funds, deposits and security deposits receivable	28,829,024.23	—	—	28,829,024.23	
— Group of receivables from related parties within the scope of consolidation	1,044,525,494.55	—	—	1,044,525,494.55	
— Age group	128,686,468.23	0.86	1,102,344.87	127,584,123.36	
Total	1,202,040,987.01	0.09	1,102,344.87	1,200,938,642.14	

Bad debt provisions in stage II at the end of the period:

Type	Balance	Lifetime expected		Carrying amount	Reason
		credit loss rate (%)	Bad debt provision		
Bad debt provision on an individual basis	—	—	—	—	
Bad debt provision on a group basis	583,716,774.78	3.49	20,345,192.58	563,371,582.20	
— Group of reserve funds, deposits and security deposits receivable	59,262,877.20	2.29	1,355,059.07	57,907,818.13	
— Group of receivables from related parties within the scope of consolidation	—	—	—	—	
— Age group	524,453,897.58	3.62	18,990,133.51	505,463,764.07	
Total	583,716,774.78	3.49	20,345,192.58	563,371,582.20	

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provisions in stage III at the end of the period:

Type	Lifetime expected			Carrying amount	Reason
	Balance	credit loss rate (%)	Bad debt provision		
Bad debt provision on an individual basis					
Entity 11	3,477,700.00	100.00	3,477,700.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 12	2,994,579.86	100.00	2,994,579.86	—	Provision for credit losses is made based on the recoverability of the amount
Entity 14	1,500,000.00	100.00	1,500,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 13	1,409,831.00	100.00	1,409,831.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 15	1,200,000.00	100.00	1,200,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 16	1,070,000.00	100.00	1,070,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 17	1,000,000.00	100.00	1,000,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 18	654,413.96	100.00	654,413.96	—	Provision for credit losses is made based on the recoverability of the amount

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Type	Lifetime expected			Carrying amount	Reason
	Balance	credit loss rate (%)	Bad debt provision		
Entity 19	420,000.00	100.00	420,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 20	220,000.00	100.00	220,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 21	172,100.00	100.00	172,100.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 22	153,015.00	100.00	153,015.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 23	101,808.00	100.00	101,808.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 24	100,000.00	100.00	100,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 25	42,000.00	100.00	42,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Entity 26	40,000.00	100.00	40,000.00	—	Provision for credit losses is made based on the recoverability of the amount
Total	14,555,447.82	100.00	14,555,447.82	—	—

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provisions accrued, recovered or reversed in the current period

	Stage I	Stage II	Stage III	
	12-month	Lifetime	Lifetime	
	expected	expected	expected	
	credit losses	credit losses	credit losses	
	(not credit-	(not credit-	(credit-	
	impaired)	impaired)	impaired)	
Bad debt provision	12-month	Lifetime	Lifetime	Total
	expected	expected	expected	
	credit losses	credit losses	credit losses	
	(not credit-	(not credit-	(credit-	
	impaired)	impaired)	impaired)	
Opening balance	889,660.25	6,103,998.93	13,015,447.82	20,009,107.00
The opening balance of				
the current period	889,660.25	6,103,998.93	13,015,447.82	20,009,107.00
— Transfer to Stage II	-378,339.12	378,339.12	—	—
— Transfer to Stage III	—	—	—	—
— Reverse to Stage II	—	—	—	—
— Reverse to Stage I	—	—	—	—
Accrual during the period	591,023.74	13,862,854.53	1,540,000.00	15,993,878.27
Reversal during the period	—	—	—	—
Carry-forward during the				
period	—	—	—	—
Write-off during the				
period	—	—	—	—
Other changes	—	—	—	—
Closing balance	1,102,344.87	20,345,192.58	14,555,447.82	36,002,985.27

④ Other receivables actually written off in the current period

Nil.

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

⑤ Top five debtors of other receivables in terms of closing balance

Name of entity	Nature of amount	Closing balance of other receivables	Age	As a percentage of the total balance of other receivables at the end of the period (%)	Closing balance of bad debt provision
Shanxi Construction Investment Group Co., Ltd.	Amount due from related parties	517,341,569.40	Within 1 year, 1-2 years, 2-3 years, 4-5 years	28.74	14,363,056.02
Shanxi Zhuo'an Materials Trading Co., Ltd.	Current accounts of subsidiaries	355,055,155.15	Within 1 year	19.72	—
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	Current accounts of subsidiaries	106,650,074.36	Within 1 year	5.92	—
Shanxi Ningyang Energy Co., Ltd.	Current accounts of subsidiaries	93,492,423.23	Within 1 year	5.19	—
Changzhi Shan'an Construction Development Co., Ltd.	Current accounts of subsidiaries	88,817,827.07	Within 1 year	4.93	—
Total		1,161,357,049.21		64.51	14,363,056.02

3. Contract Assets

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Contract assets arising from construction contracts	6,235,251,725.46	81,246,725.45	6,154,005,000.01	5,396,283,244.05	64,778,206.42	5,331,505,037.63
— Contract assets on service concession projects	1,743,213.99	22,966.48	1,720,247.51	32,026,929.69	384,490.43	31,642,439.26
— Contract assets on EPC projects	6,233,508,511.47	81,223,758.97	6,152,284,752.50	5,364,256,314.36	64,393,715.99	5,299,862,598.37
Retention receivable	894,324,197.99	11,782,534.56	882,541,663.43	622,650,346.64	7,475,056.18	615,175,290.46
Receivables under service concession arrangements	125,157,029.16	1,648,917.73	123,508,111.43	50,584,465.54	607,277.78	49,977,187.76
Sub-total	7,254,732,952.61	94,678,177.74	7,160,054,774.87	6,069,518,056.23	72,860,540.38	5,996,657,515.85
Less: Contract assets shown in other non-current assets	896,521,014.96	11,772,818.70	884,748,196.26	622,749,523.89	7,476,246.82	615,273,277.07
Total	6,358,211,937.65	82,905,359.04	6,275,306,578.61	5,446,768,532.34	65,384,293.56	5,381,384,238.78

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Contract Assets (continued)

(1) Significant changes in carrying amounts of contract assets in the period

Item	Change in amount	Reason for change
Linfen City green energy transmission and distribution project directly managed by the Group	188,996,702.34	Increase in completed and unsettled projects in the period
100MW wind power generation EPC general contracting project in Daorengou of Loufan County	163,801,874.93	Increase in completed and unsettled projects in the period
Source-grid-load shared energy storage power station in Ying County	133,371,029.62	Increase in completed and unsettled projects in the period
100MW distributed photovoltaic power generation project EPC general contracting of Huaneng Yuci	130,060,544.12	Increase in completed and unsettled projects in the period
100,000kW wind power general contracting (EPC) project of Jingyuan Yuedian (靖遠粵電) — construction and installation engineering	121,029,721.38	Increase in completed and unsettled projects in the period
100MW photovoltaic composite power generation project EPC general contracting contract of Huaneng Fenxi	113,520,215.02	Increase in completed and unsettled projects in the period
350MW low calorific value coal power generation EPC general contracting project of Hequ	104,662,824.32	Increase in completed and unsettled projects in the period
160MW photovoltaic industry integration development project of Yuanping City	79,380,147.90	Increase in completed and unsettled projects in the period
Phase II 100MW photovoltaic power station project of Lan County	72,918,778.44	Increase in completed and unsettled projects in the period
Sludge power generation project of Wuji County Guohui New Energy Co., Ltd.	66,092,941.39	Increase in completed and unsettled projects in the period
Total	1,173,834,779.46	

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Contract Assets (continued)

(2) Impairment provision of contract assets

Type	Closing balance				Carrying amount
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	7,254,732,952.61	100.00	94,678,177.74	1.31	7,160,054,774.87
— Group of contract assets on service concession projects	1,743,213.99	0.02	22,966.48	1.32	1,720,247.51
— Group of contract assets on EPC projects	6,233,508,511.47	85.92	81,223,758.97	1.30	6,152,284,752.50
— Group of retention receivable	894,324,197.99	12.33	11,782,534.56	1.32	882,541,663.43
— Receivables under service concession arrangements	125,157,029.16	1.73	1,648,917.73	1.32	123,508,111.43
Total	7,254,732,952.61	100.00	94,678,177.74	1.31	7,160,054,774.87

Type	Balance		At the end of last year		Carrying amount
	Amount	Proportion (%)	Impairment provision		
			Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	6,069,518,056.23	100.00	72,860,540.38	1.20	5,996,657,515.85
— Group of contract assets on service concession projects	32,026,929.69	0.53	384,490.43	1.20	31,642,439.26
— Group of contract assets on EPC projects	5,364,256,314.36	88.38	64,393,715.99	1.20	5,299,862,598.37
— Group of retention receivable	622,650,346.64	10.26	7,475,056.18	1.20	615,175,290.46
— Receivables under service concession arrangements	50,584,465.54	0.83	607,277.78	1.20	49,977,187.76
Total	6,069,518,056.23	100.00	72,860,540.38	1.20	5,996,657,515.85

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Contract Assets (continued)

(3) Impairment provision of contract assets accrued, recovered or reversed in during the period

Item	Opening balance	Accrual during the period	Reversal during the period	Carry-forward/write-off during the period	Closing balance
Group of contract assets on service concession projects under construction contracts	384,490.43	—	361,523.95	—	22,966.48
Group of contract assets on EPC projects under construction contracts	64,393,715.99	16,830,042.98	—	—	81,223,758.97
Group of retention receivable from construction contracts	7,475,056.18	4,307,478.38	—	—	11,782,534.56
Receivables under service concession arrangements	607,277.78	1,041,639.95	—	—	1,648,917.73
Total	72,860,540.38	22,179,161.31	361,523.95	—	94,678,177.74

4. Long-term Equity Investments

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Investment in subsidiaries	1,273,224,349.52	—	1,273,224,349.52	1,217,374,349.52	—	1,217,374,349.52
Investment in joint ventures	—	—	—	—	—	—
Investment in associates	210,244,610.95	—	210,244,610.95	195,103,976.85	—	195,103,976.85
Total	1,483,468,960.47	—	1,483,468,960.47	1,412,478,326.37	—	1,412,478,326.37

(1) Investment in subsidiaries

Investees	Opening balance	Increase in the period	Decrease in the period	Closing balance	Impairment provision in the period	Closing balance of impairment provision
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd.	66,000,004.52	—	—	66,000,004.52	—	—
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	224,000,000.00	—	—	224,000,000.00	—	—
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	20,000,000.00	—	—	20,000,000.00	—	—
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	45,000,000.00	—	—	45,000,000.00	—	—
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd.	69,046,900.00	—	—	69,046,900.00	—	—
Shanxi Ningyang Energy Co., Ltd.	30,824,000.00	—	—	30,824,000.00	—	—
Lingchuan Shan'an Construction Development Co., Ltd.	49,240,800.00	—	—	49,240,800.00	—	—

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Long-term Equity Investments (continued)

(1) Investment in subsidiaries (continued)

Investees	Opening balance	Increase in the period	Decrease in the period	Closing balance	Impairment provision in the period	Closing balance of impairment provision
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	42,486,000.00	—	—	42,486,000.00	—	—
Shanghai Shan'an Construction Engineering Co., Ltd.	3,000,000.00	37,000,000.00	—	40,000,000.00	—	—
Shanxi Zhuo'an Materials Trading Co., Ltd.	3,100,000.00	—	—	3,100,000.00	—	—
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	54,834,800.00	—	—	54,834,800.00	—	—
Guangdong Shan'an Construction Engineering Co., Ltd.	6,000,000.00	—	—	6,000,000.00	—	—
Changzhi Shan'an Construction Development Co., Ltd.	36,000,000.00	—	—	36,000,000.00	—	—
Xinjiang Shan'an Waterwork Management Co., Ltd.	68,142,600.00	9,500,000.00	—	77,642,600.00	—	—
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	64,090,100.00	—	—	64,090,100.00	—	—
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	107,437,700.00	—	—	107,437,700.00	—	—
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	74,526,200.00	—	—	74,526,200.00	—	—
Liulin Shan'an Bluesky Heating Co., Ltd.	7,250,000.00	—	—	7,250,000.00	—	—
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	23,953,840.00	—	—	23,953,840.00	—	—
Linfen Shan'an Waterwork Development Co., Ltd.	17,824,100.00	—	—	17,824,100.00	—	—
Australia Shan An Construction Engineering Pty Limited	2,784,000.00	—	—	2,784,000.00	—	—
Son Tay Viet Nam Construction Co., Ltd.	968,505.00	—	—	968,505.00	—	—
Yangquan Shan'an Construction Development Co., Ltd.	26,000,000.00	—	—	26,000,000.00	—	—
Qinshui Shan'an Construction Development Co., Ltd.	136,690,800.00	—	—	136,690,800.00	—	—
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	14,700,000.00	—	—	14,700,000.00	—	—
Yuanping Shan'an Biquan Waterwork Development Limited	12,250,000.00	—	—	12,250,000.00	—	—
Wenshui Shan'an Biquan Waterwork Development Limited	3,724,000.00	—	—	3,724,000.00	—	—
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	—	5,100,000.00	—	5,100,000.00	—	—
Shan'an Installation Xiaoyi Construction Engineering Co., Ltd.	—	2,550,000.00	—	2,550,000.00	—	—
Chahar Right Rear Banner Shan'an Thermal Power Co., Ltd.	7,500,000.00	1,700,000.00	—	9,200,000.00	—	—
Total	1,217,374,349.52	55,850,000.00	—	1,273,224,349.52		

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Long-term Equity Investments (continued)

(2) Investment in associates and joint ventures

Investees	Amount at the end of last year	Additional/New investment	Investment reduction	Increases and decreases in the period					Others	Closing balance	Closing balance of impairment provision
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Impairment provision			
① Associates											
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	15,179,653.30	—		-1,160,365.52			—			14,019,287.78	
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	7,078,235.48	—		-6,845,589.14			—			232,646.34	
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	17,302,066.61	—		2,489,273.91			792,240.18			18,999,100.34	
Shanxi Jiantou International Investment Co., Ltd.	29,503,989.21	—		122,103.77			—			29,626,092.98	
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	9,773,216.24	—		-49,161.43			—			9,724,054.81	
Shanxi Jiantou Cloud Data Technology Co., Ltd.	8,208,157.78	—		1,958,111.06			1,348,183.67			8,818,085.17	
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	9,070,179.15	5,000,000.00		783,798.37			—			14,853,977.52	
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,051,485.09	—		4,349.64			—			89,055,834.73	
Taiyuan Xie'an Property Service Co., Ltd.	1,628,497.23	—		44,921.48			72,238.02			1,601,180.69	
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,308,496.76	—		5,491.92			—			8,313,988.68	
Shanxi Hangchan Energy Co., Ltd.	—	15,000,000.00		361.91			—			15,000,361.91	
Sub-total	195,103,976.85	20,000,000.00		-2,646,704.03			2,212,661.87			210,244,610.95	
② Joint ventures											
Total	195,103,976.85	20,000,000.00		-2,646,704.03			2,212,661.87			210,244,610.95	

5. Operating Revenue and Operating Costs

(1) Operating revenue and operating costs

Item	2024		2023	
	Revenue	Costs	Revenue	Costs
Principal businesses	11,241,662,473.05	10,021,463,639.49	10,144,832,667.55	9,001,799,488.31
Other businesses	19,650,295.97	1,596,748.80	40,333,834.79	25,542,974.04
Total	11,261,312,769.02	10,023,060,388.29	10,185,166,502.34	9,027,342,462.35

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

5. Operating Revenue and Operating Costs (continued)

(2) Operating revenue and operating costs by type

Major type	2024		2023	
	Revenue	Costs	Revenue	Costs
Principal businesses:				
1. Specialized industrial construction	9,027,536,566.90	7,985,829,673.82	6,562,454,676.37	5,868,550,200.01
— Construction income of service concession projects	1,141,294.81	3,233,542.37	12,417,918.84	9,733,612.31
— Construction income of EPC projects	9,026,395,272.09	7,982,596,131.45	6,550,036,757.53	5,858,816,587.70
2. Specialized auxiliary construction	910,661,797.28	835,540,682.34	2,246,182,218.34	1,991,333,686.82
— Construction income of service concession projects	46,335,244.82	26,647,750.64	380,992,363.37	312,558,228.11
— Construction income of EPC projects	864,326,552.46	808,892,931.70	1,865,189,854.97	1,678,775,458.71
3. Other construction	1,228,382,357.14	1,160,093,032.21	1,264,028,356.64	1,113,143,213.47
— Construction income of service concession projects	5,732,508.19	5,348,220.69	74,265,124.46	61,986,023.70
— Construction income of EPC projects	1,222,649,848.95	1,154,744,811.52	1,189,763,232.18	1,051,157,189.77
4. Non-construction business	75,081,751.73	40,000,251.12	72,167,416.20	28,772,388.01
— Trading	8,310,451.22	4,037,908.12	15,438,788.60	13,772,504.40
— Design fee	40,257,456.26	12,985,096.29	56,728,627.60	14,999,883.61
— Labor services fee	26,513,844.25	22,977,246.71	—	—
Other businesses:	19,650,295.97	1,596,748.80	40,333,834.79	25,542,974.04
— Lease	13,885,943.48	1,344,348.80	13,026,483.65	2,331,610.10
— Others	5,764,352.49	252,400.00	27,307,351.14	23,211,363.94
Total	11,261,312,769.02	10,023,060,388.29	10,185,166,502.34	9,027,342,462.35

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XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

5. Operating Revenue and Operating Costs (continued)

(3) Operating revenue and operating costs by geographical location

Major operating areas	2024		2023	
	Operating revenue	Operating costs	Operating revenue	Operating costs
China	10,980,925,567.77	9,755,020,028.35	9,653,964,692.58	8,511,603,135.71
Overseas	280,387,201.25	268,040,359.94	531,201,809.76	515,739,326.64
Total	11,261,312,769.02	10,023,060,388.29	10,185,166,502.34	9,027,342,462.35

(4) Breakdown of operating revenue

Timing of revenue recognition	2024	2023
Including: Recognized at a point in time	80,846,104.22	99,474,767.33
Recognized over time	11,166,580,721.32	10,072,665,251.34
Total	11,247,426,825.54	10,172,140,018.67

The above excludes rental income, which is recognized in accordance with the Accounting Standards for Business Enterprises No. 21.

(5) Remaining performance obligations

As at December 31, 2024, the transaction price allocated to unfulfilled performance obligations was RMB38,050,299,423.29. The expected time for recognizing such amount as revenue is as follows:

Expected time of revenue recognition	2024	2023
Within 1 year	12,329,750,475.38	10,911,103,287.39
After 1 year but within 5 years	24,948,759,957.08	26,637,124,224.88
After 5 years	771,788,900.82	684,680,359.32
Total	38,050,299,423.28	38,232,907,871.59

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

6. Investment Income

Item	2024	2023
Long-term equity investment income calculated using the cost method	20,000,000.00	—
Long-term equity investment income calculated using the equity method	-2,646,704.03	4,382,357.01
Dividends from investments in other equity instruments	—	188,371.11
Total	17,353,295.97	4,570,728.12

XV. SUPPLEMENTARY INFORMATION

1. Breakdown of Extraordinary Items for the Current Period

Item	2024	Explanation
Gains and losses from disposal of non-current assets	1,336,002.66	
Government subsidies recognized in current profit or loss, except government subsidies which are closely related to the Company's normal business operations, which comply with national policies and can be obtained continuously based on a set of standards by fixed amount or fixed quantity	9,037,770.61	
Capital occupation fees charged from the non-financial enterprises	—	
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the investee	—	
Gains and losses from changes in fair value of investment properties subsequently measured in the fair value model	916,685.00	

Notes to the Consolidated Financial Statements

Audit of 2024 Annual Report (unless otherwise specified, all monetary units are in Renminbi)

XV. SUPPLEMENTARY INFORMATION (continued)

1. Breakdown of Extraordinary Items for the Current Period (continued)

Item	2024	Explanation
Other non-operating revenue and expenses other than the above	-1,124,052.86	
Total extraordinary items	10,166,405.41	
Less: Income tax impact on extraordinary items	1,639,110.44	
Net extraordinary items	8,527,294.97	
Less: Net impact of extraordinary items attributable to minority shareholders, net of tax	201,659.70	
Extraordinary items attributable to the ordinary shareholders of the Company	8,325,635.27	

2. Return on Net Asset and Earnings per Share

Profit for the Reporting Period	Weighted average return on net asset %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	5.71	0.11	—
Net profit attributable to the ordinary shareholders of the Company after deducting extraordinary items	5.40	0.11	—

Shanxi Installation Group Co., Ltd.
March 27, 2025


DEFINITIONS

"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	our board of Directors
"Board Committees"	the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee
"Board of Supervisors"	the board of Supervisors of the Company
"Central SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"CG Code"	Corporate Governance Code as contained in Appendix C1 to the Hong Kong Listing Rules
"China" or "PRC"	the People's Republic of China
"Company", "our Company", "Shanxi Installation" or "we"	Shanxi Installation Group Co., Ltd. (山西省安裝集團股份有限公司) (formerly known as Shanxi Industrial Equipment Installation Company* (山西省工業設備安裝公司), Shanxi Industrial Equipment Installation Co., Ltd.* (山西省工業設備安裝有限公司) and Shanxi Industrial Equipment Installation Group Co., Ltd.* (山西省工業設備安裝集團有限公司)), a company established under the laws of the PRC on November 20, 1989 whose H shares are listed on the Hong Kong Stock Exchange
"Company Law"	the Company Law of the PRC
"Controlling Shareholders"	has the meaning given to it under the Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"EPC" or "EPC Projects"	engineering, procurement and construction, a common form of contracting model whereby the contractor is commissioned by the project owner to carry out such project work as survey, design, procurement, construction testing and commissioning of an engineering project, or any combination of the above, either through the contractor's own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and overseas listed foreign share(s) traded in Hong Kong dollars



Definitions

“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company
“Listing Date”	the day of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, November 22, 2023
“LNG”	Liquified natural gas
“Macau”	the Macao Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“NEEQ”	National Equities Exchange and Quotations
“Nomination Committee”	the nomination committee of the Board
“Non-competition Agreement”	the non-competition agreement dated November 3, 2023 and entered into by Shanxi CIG (for itself and each member of its group, excluding members of the Group) in favor of the Company (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time)
“PPP”	public-private partnership, a partner relationship based on a framework agreement and formed between the government and private organizations for co-construction of infrastructure projects or providing certain public goods and services
“Prospectus”	the prospectus issued by the Company dated November 10, 2023
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	the year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC



Definitions

“SCIG Group”	Shanxi CIG and its subsidiaries, for the purpose of this annual report, except the Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shan’an Bluesky”	Shanxi Shan’an Bluesky Energy Conservation Technology Co., Ltd.* (山西山安藍天節能科技股份有限公司), a company incorporated in the PRC, whose shares are listed on the NEEQ, and a subsidiary of the Company
“Shan’an Lide”	Shanxi Shan’an Lide Environmental Technology Company Limited* (山西山安立德環保科技有限公司) (formerly known as “Shanxi Shan’an Lide Energy Reservation Technology Company Limited (山西山安立德節能科技有限公司)), a company incorporated in the PRC and a 75% owned subsidiary of the Company
“Shanxi CIG”	Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司), a state-owned company established under the laws of the PRC and our Controlling Shareholder
“Shanxi SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province (山西省人民政府國有資產監督管理委員會)
“Share(s)”	comprising Domestic Shares and H Shares
“Shareholder(s)”	shareholder(s) of the Company, including holder(s) of Domestic Shares and holder(s) of H Shares
“SSCO”	Shanxi State-Owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司)
“Supervisor”	the supervisor of the Company
“Xie’an Property”	Taiyuan Xie’an Property Service Company Limited* (太原諧安物業服務有限公司), a limited liability company incorporated in the PRC and owned as to 51% by SCIG City Operation Group Company Limited* (山西建投城市營運集團有限公司), a wholly-owned subsidiary of Shanxi CIG and owned as to 49% by the Group
“%”	percentage



山西安装